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LATIN AMERICA REPORT

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CONTENTS

ENERGY ECONOMICS

ARGENTINA

Developments in Petroleum Industry Surveyed (LA NACION, 12 Dec 81; LA PRENSA, 13 Dec 81).....	1
Production Up Self-Sufficiency by 1983 Current Oil Policy Analyzed	

BOLIVIA

Porvenir Oil Field Increases Its Production (HOY, 24 Nov 81).....	12
Briefs	
Gas, Oil Production	13
IDB Loan for Pipeline	13

COUNTRY SECTION

INTER-AMERICAN AFFAIRS

Costa Rican, Panamanian Ministers Discuss Trade Treaty (AFP, 16 Dec 81; RPC Television, 18 Dec 81).....	14
Costa Rican Minister's Statement Panamanian Minister's Statement, by Julio Miller	
Bolivian Military Buildup Urged Due to Chilean Threat (La Paz Radio Illimani Network, 16 Dec 81).....	17

Panamanian Delegation Charges Canal Discrimination (Televisora Nacional, 18 Dec 81)	18
--	----

Briefs

IDB Loan to ECIEL	19
Panamanian-Mexican Labor Agreement	19

ARGENTINA

Multiparty Issues Official Document (TELAM, 16 Dec 81)	20
---	----

New Interior Minister Interviewed (TELAM, 18 Dec 81)	24
---	----

Lami Dozo Speech at Air Force Swearing In (Basilio Arturo Ignacio Lami Dozo; Buenos Aires Domestic Service, 17 Dec 81)	26
--	----

Alsogaray Outlines Economic Ideas (NOTICIAS ARGENTINAS, 15 Dec 81)	29
---	----

Briefs

Golan Heights Annexation Opposed	30
Rega Adviser Arrested	30
Christian Democratic Party	30
New Maritime Interests Official	30
New Navy School Director	31

BOLIVIA

IDB, ALIDE To Strengthen Regional Development Banks (PRESENCIA, 26 Nov 81)	32
---	----

IDB Provides Aid for Agricultural Research (PRESENCIA, 24 Nov 81)	34
--	----

World Bank Assists Mining Enterprise (PRESENCIA, 24 Nov 81)	36
--	----

Briefs

Union Activities Normalized	37
Mining Exports	37
Rollback in Exports	37
Accusations Against Meza	37
Programmed 1982 Mining Investments	38
Netherlands Wheat	38

BRAZIL

Reports Reveal Political Agitation by Church Elements (O ESTADO DE SAO PAULO, 13 Dec 81)	39
---	----

Congress Approves Bill on Rondonia State (Brasilia Domestic Service, 16 Dec 81).....	46
Government Expenditures Total 35.9 Percent of GDP (O ESTADO DE SAO PAULO, 13 Dec 81).....	47
PP, PMDB Conventions Vote for Party Merger (FOLHA DE SAO PAULO, 21 Dec 81).....	52
Figueiredo Address to Diplomatic Corps, Military Officers (Brasilia Domestic Service, 15 Dec 81; Radio Guaiba, 17 Dec 81).....	53
Reviews 1981 Achievements Promises Democracy	
Government To Study Electoral 'Package' (Thomaz Coelho; FOLHA DE SAO PAULO, 20 Dec 81).....	55
CDI Selects 10 Sectors for Promoting Economic Recovery (O ESTADO DE SAO PAULO, 29 Nov 81).....	56
Briefs	
Guerreiro To Visit PRC	60
Salary Increase	60

CHILE

Briefs	
Rojas on Polish Situation	61
Bustos Message to Walesa	61
New French Ambassador	61
South African Police Chief	61
Gold and Currency Reserves	61
Saudi Arabian Relations	62
Navy Appointment	62
1982 Budget	62
Carabineros Attacked	62
Electrical Substation Sabotage Attempt	62
Pipeline Hit by Terrorists	62
Agitators, Activists Arrested	63
Christian Left Leaders Detained	63
Socialists Arrested	63
Extremist Killed by Police	63

COLOMBIA

'Mafia' Linked to Arms Sales to Guerrillas (EL TIEMPO, 26, 28 Nov 81).....	64
Arms Seller Identified, by Jacquelin Donado 'Mafia' Meets To Discuss Sales, by Rafael Sarmiento Colley	

Guerrilla Activities Charted, Discussed (EL SIGLO, 25 Nov 81)	70
Chart Described	
Discussion, by Jorge Gonzalez	
Conservatives Nominate Belisario Betancur (EL SIGLO, 28 Nov 81)	74
Nomination on First Ballot, by Carlos J. Gonzalez, Amparo Segura	
Acceptance Speech	
CUBA	
Various Soviet Related Activities Reported (GRANMA, 7, 10 Nov 81)	78
Friendship Delegation	
University Group, by Nancy Robinson Calvet	
Armenian Party Group	
Advances of Guatemalan Guerrillas Noted (Havana International Service, 18 Dec 81)	80
Briefs	
ICAP-Mid East Center Sign Accord	82
Fidel Visits Intensive Care Unit	82
Dorticos Presides Over Standardization Meeting	82
Cattle Breeding Plans	82
Legalities of New Economics	83
USSR Protocol Aids Sugar Industry	83
Malmierca Closes Economic Seminar	83
Standardization Protocol With USSR, Hungary	84
Montane Meets Angola's Carvalho	84
Castro at UJC Delegate	84
UJC Leader Comments on Issues	84
Communications Trade Union Congress	85
Spare Parts Forum	85
Army Victory Commemorated	85
Romanian Anniversary	85
Social Assistance Benefits	85
UNEAC Congress	86
Far Civilian Workers	86
Envoy to Great Britain	86
Endocrinology Congress Closes	86
Envoy to RDRY	86
Envoy to India	86
New Freighter Arrives	86
Envoy to Portugal Presents Credentials	86
Protocol With Sao Tome	87

GUATEMALA

Candidates in Presidential Election Interviewed (EL IMPARCIAL, various dates).....	88
CAN's Anzueto Vielman FDP's General Guevara Maldonado Aguirre of PNR, DC MLN's Sandoval Alarcon	
Guerrilla Activities in Country Reported (Radio-Television Guatemala, 17 Dec 81; Cadena de Emisoras Unidas, 19 Dec 81).....	101
Army Communique Clash in Alta Verapaz	
Paper Reports Promotion of Senior Military Officers (PRENSA LIBRE, 11 Dec 81).....	103
Briefs	
Security Forces Fight Extremism	104
Christian Democrats' Presidential Candidate	104
Arms Smuggling Under Investigation	104
New Government Transmitters	105
Proscription of Nuclear Weapons	105

NICARAGUA

Nunez Report on Conclusion of Legislative Period (Carlos Nunez Tellez; EL NUEVO DIARIO, 6 Dec 81).....	106
PPSC Strongly Criticizes Political Parties Bill (LA PRENSA, 26 Nov 81).....	126
Ramirez Outlines Policy on Indians, Atlantic Coast (Radio Sandino, 18 Dec 81).....	129
Economic-Social Emergency Law Criticized (Orion Elpidio Pastora; Radio Corporacion, 18 Dec 81).....	131
CDS Leadership Responds to MDN Charges (Managua Radio Sandino Network, 18 Dec 81).....	132
Robelo Calls for Unity of Democratic Forces (ACAN, 21 Dec 81).....	133
GDR Grants Aid for Technical Training Center (Radio Sandino, 19 Dec 81).....	134

'Counterrevolutionary Gangs' Active in Country
(Radio Sandino, 19 Dec 81; Radio 15 September, 21 Dec 81)... 135

Army Report
'Radio 15 September' Report

Briefs

Swedish Cooperation 137
Labor Union 137
New Ambassador to FAO 137
Coffee Production Figures 137
Swedish Donation 137

PANAMA

Canal Official Discusses Carter-Torrijos Treaties
(Fernadno Manfredo Jr; LA ESTRELLA DE PANAMA, 13 Dec 81).... 138

Telecommunications Agreement for Canal Area Signed
(Televisora Nacional, 18 Dec 81)..... 144

Deputy Canal Administrator Views Toll Increase
(Televisora Nacional, 16 Dec 81)..... 145

Official Notes Church-State Immigration Conflict
(LA PRENSA, 20 Dec 81)..... 147

Criticism of New U.S. Wage Scale in Canal Reported
(CRITICA, 14 Dec 81; Televisora Nacional, 17 Dec 81)..... 149

U.S. 'Pettiness' Scored
Labor Leader Comments

PARAGUAY

PRF President Outlines Priorities
(Alarico Quinonez Cabral; ULTIMA HORA, 2 Dec 81)..... 154

Briefs

Supreme Court Challenges Police 157
Defense Under Secretary 157
PRF Appointments 157
ROK Trade Agreement 157
Per Capita Income 157

PERU

Balance of Payments Deficit To Reach \$955 Million
(EL COMERCIO, 30 Oct 81)..... 158

Free Imports Reportedly Causing Industrial Crisis
(EL COMERCIO, 30 Oct 81)..... 160

Briefs

Cerro Verde Mining Operations

161

VENEZUELA

Experts Analyze Sensitive Areas in Foreign Relations

(Nestor Mora; EL NACIONAL, 22 Nov 81).....

162

AD, COPEI Leaders Interviewed on Salvadoran Crisis

(Manuel Penalver Interview; EL NACIONAL, 24 Nov 81).....

166

DEVELOPMENTS IN PETROLEUM INDUSTRY SURVEYED

Production Up

Buenos Aires LA NACION in Spanish 12 Dec 81 p 15

[Text] The oil output of YPF [Government Oil Deposits] over the first 10 months of 1981 totaled 23,654,020 cubic meters, compared to 23,343,732 cubic meters during the same period in 1980. From January to October, 589 wells were drilled (422 by the government and 167 on contract), as opposed to 547 during the same span last year.

Ninety-Five Percent Self-Sufficient

These are the latest statistics furnished by the state-run oil company. Its general planning manager, Carlos Donoso de la Noue, quoted them recently during a seminar on "Petroleum and Gas in Argentina." Estimates are that by the end of 1981 the nation will have 28.5 million cubic meters of available oil supplies, which means a shortfall of 1.5 million cubic meters. In other words, we will be 95 percent self-sufficient.

We should remember that total proven oil reserves rose 4.68 percent during the first half of this year. In 1980, exploration in the Neuquen and northwest (Cuchara and Tranquitas) basins brought a 7.9 percent rise in reserves, which hit 391.7 million cubic meters. The tally of new reserves minus oil output during the first half of 1981 yields a surplus of 4.122 million cubic meters. Thus, as of this June, total proven reserves amounted to 395.818 million cubic meters, of which 249.427 million cubic meters are primary reserves while 146.391 million are secondary reserves.

Offshore

Argentina's oil outlook has without doubt improved significantly so far in 1981, in light of the discoveries offshore by groups operating under risk contracts, headed by Esso and Shell Hydrocarbons, and in view of the major potential offered by the Loma de la Lata deposits (Neuquen).

As far as gas reserves are concerned, there was a 14 percent increase in 1980, and during the first half of 1981 reserves were up 3.14 percent from December 1980.

A new offshore area was opened up under risk contract during the first half of 1981. This 13,264 square kilometer area, called "Magallanes Este," will be explored intensively by private firms. To fulfill their minimum commitment for the initial exploration period (3 years), the selected companies will have to invest \$23 million. The "Cerro Wenceslao" area (354 square kilometers) in the province of Santa Cruz was also auctioned off under development contract during the first half of the year. It entails a minimum investment of \$18 million.

Contractors

Expectations were varied concerning the offshore deposits, but the feeling was that gas-bearing deposits would probably predominate. However, the initial testing in the offshore wells suggests an output of between 500 and 800 cubic meters of crude oil a day. Although productivity could decline sharply before stabilizing, this is in stark contrast with average onshore output (10 cubic meters a day) and gives us further reason to anticipate oil self-sufficiency, although we might have to wait several years until all the offshore wells come on line.

Oil production in recent years has been marked by the increasing participation of development contractors, who last year produced close to 35 percent of the nation's total oil output and 14.2 percent of its natural gas. These percentages could rise further in the years to come if we bear in mind the government's determination to continue the YPF program of peripheral privatization.

Private Capital

YPF sources feel that the country will need more private capital and are calling on investors to participate in competitive biddings according to the guidelines set forth in the risk contracts regulated by Law 21,778. A new element, on which study is now concluding, will be introduced into these contracts; it provides for YPF partnership with private capital, which will enable the enterprise to cut its investment costs and to assure the output levels that the country needs.

Plans of action are being drawn up for 1982 to 1984, and they entail an appreciable intensification of exploration. Private operations, to be performed under risk contracts, will be complemented by a government drilling program that aims at a 50 percent increase. If the hoped-for success is achieved, the current 14-year reserves-production ratio will improve.

Exports

Argentina is currently the world's 17th largest oil producing nation but is far behind the countries that head the list, such as the Soviet Union, Saudi Arabia and the United States. Its accounts for just 0.75 percent of world output.

Estimates are that by the end of 1981, YPF exports of by-products will reach \$378 million (equivalent to 1.875 million tons of oil), while its imports will total \$307 million (equivalent to 1.147 million tons of oil), which yields a \$92 million surplus.

Refineries

When the YPF concludes its conversion projects at its refineries in La Plata and Lujan de Cuyo, the country will save about \$200 million a year by replacing imports of light products, especially gasoline. Inasmuch as fuel oil consumption will decline sharply in 1982 and 1983 in light of the major natural gas discoveries and the push for its use, YPF will cut fuel oil output by some 4.03 million tons a year.

At the same time, new processing units will be built to yield light and intermediate distillates from heavy products (primarily, the conversion of fuel oil to gasoline, gas oil and liquid gases). The production of light and intermediate distillates will be boosted by 1.85 million cubic meters a year at the La Plata Refinery and by 1.25 million at the Lujan de Cuyo Refinery. The estimated budget for the projects is around \$850 million in July 1981 prices, including investment in fixed assets, working capital, interest and taxes.

Part of the financing will be covered with a \$200 million loan from the International Bank for Reconstruction and Development.

Financial Situation

With regard to the enterprise's heavy dollar debts (which have risen considerably because of the successive devaluations of the peso), the president of YPF, retired Maj Gen Carlos Guillermo Suarez Mason, has repeatedly stated that the reason for the enterprise's financial crisis is not only that gasoline prices in Argentina are low in comparison to the rest of the world, but also and basically because our fuel taxes are, according to some studies, among the highest in the world. A study in late September on "Argentine Energy Policy" indicated that whereas a cubic meter of crude oil carried an international price tag of \$250, YPF received just \$57 net because it assumes all of the liabilities, costs and risks entailed in exploring and drilling for and producing oil.

Self-Sufficiency by 1983

Buenos Aires LA NACION in Spanish 12 Dec 81 p 16

[Text] Because of technological gains, on the one hand, and on the other, in light of the sharp increases in world oil prices as of 1973, which justify the development of areas previously considered marginal or scarcely profitable, we can assert that Argentina has much larger onshore oil reserves than currently estimated, said Dr Ricardo Gruneisen, the president of Astra Compania Argentina de Petroleo S.A.

Our country should develop these oil and gas deposits now and become an energy exporter in the near future. To do this, we urgently need to speed up the pace of drilling, which is not satisfactory at present, averaging just 800 new wells a year. In this regard, we should compare our situation with what is being and has been done in the United States, a country whose oil output characteristics are quite similar to ours, in other words, wells with low daily production but with a long life span.

Sedimentary Basins

He went on to say that the United States' total surface area is 9 million square kilometers, 3 million of which are covered by sedimentary basins, in other words, basins likely to contain oil. From the time that oil was discovered until 1980, more than a million oil wells had been drilled in these basins.

Argentina has a surface area of 3 million square kilometers, not counting its Antarctic territory, and about 1 million square kilometers of sedimentary basins, in other words, the same 3 to 1 ratio. But only 36,000 oil wells have been drilled in these basins from the time oil was discovered in 1907 until the present. This ratio is tenfold smaller.

Worldwide Drilling

Furthermore, Dr Gruneisen pointed out, estimates are that some 100,000 new wells will be drilled worldwide in 1982, 80,000 in the United States and some 9,000 in Canada. All other countries combined will account for the rest of the drilling, with Venezuela and Mexico expected to drill 1,000 each. Argentina is scheduled to drill just 800 or so, perhaps a few more. Given the characteristics of our deposits, this is tantamount to condemning ourselves to stagnation.

The aforementioned figures illustrate the basic difference between us and the major producing countries in the Middle East, which because of their extremely high well output, are going to drill only a few dozen new wells in 1982; this is also why they have such a small percentage of the world's oil wells.

All of this leads us to the conclusion that we have to drill a lot more wells per year in our country, both exploratory, outpost and development wells. Some of these wells will no doubt be dry, as happens everywhere, but the law of probability has demonstrated time and again that when the countries that have oil in their subsoils drill new wells in new areas, they find additional deposits that boost reserves.

If we speed up our current drilling pace sharply, our output will rise appreciably and we will be able to export oil and gas, which will be of great help to our battered economy, because we will be exporting a high-priced product that has a guaranteed market and that does not depend on weather conditions here or elsewhere.

The time is now, over the next two decades at least, before alternate energy sources, which are inevitable, detract from oil's importance. We should recall that although the situation is getting better, we still have drilling rigs in our country that are idle because of a lack of work and that others have already been transported, for the same reason, to neighboring countries that have contracted for them. This is a patent inconsistency that must be rectified as soon as possible. The lines are drawn, and the objective is clear. It remains only to make the final decision and to dispel unfounded fears.

Boosting Efficiency

Thanks to the dedication and enthusiasm of its personnel, the enterprise has continued to make solid gains in boosting the efficiency and productivity of its operations on a secure and reliable foundation, said leaders of Esso Sociedad Anonima Petrolera Argentina, whose president is Dr Pedro Lella. In this regard, we should underscore the progress made in processing operations, which have cut energy consumption and increased the conversion of surplus residual products into automotive fuels needed on the domestic market, with the resulting benefits for the country's trade balance. Our products are in steady demand, particularly in agriculture, thus encouraging an intensification of services programs for this sector, as well as the marketing of liquid gas in 45-kilogram cylinders, which was turned over to private hands this year. These positive developments were partly offset, however, by the negative developments in the price structure that affected the entire oil industry in general, they said.

The Esso executives pointed out that the available operating margin for oil transportation, refining and marketing not only did not recover from the fall it took in real terms in recent years, but dropped an additional 20 percent from 1 January to 1 October. This drop took place even though consumer oil prices were up six percent in real terms over the same period, because most of the increase was used to cover the sector's higher taxes (taxes on fuels account for about half of the selling price to the public) and to begin a much-needed upward turnaround in the official price of domestic crude oil.

Investment

In spite of the adverse developments in its margins, they noted, the enterprise continued to show confidence and optimism by pursuing its investment program in the areas of refining, marketing and transport.

Special mention should be made of the construction of a 15,500 ton dead-weight tanker at Argentine shipyards. Scheduled to begin operations early next year, the tanker will make a major contribution to the efforts of the national oil industry. Another major investment that has been completed this year and that represents a great contribution to the community was the construction of a building in the city of Campana that was donated to the National Technological University for its use.

Also being evaluated are a series of major projects involving the conversion of residual and intermediate products into light products and distillates of greater economic value.

As far as exploration activities are concerned, an affiliated company, Esso Exploradora Inc, has continued its activities in the two areas awarded it on Argentina's southern shelf.

Exchange Rate Policy

Concerning exchange rate policy, they pointed out that the recently imposed requirement of 6-month financing for imports has become a serious obstacle to importing the crude oils and derivatives that are indispensable complements to local production. In the first place, the enterprise has to absorb the costs associated with such financing and, furthermore, must run the risk of a devaluation between the time the imports are ordered and the payment of the CIF price 6 months later.

This is extremely burdensome, because it is impossible to make up for the increased costs and to guard against the worst risks, due to the complete inflexibility of the pricing and withholding system in the oil industry, which is entirely determined and controlled by the government. The government sets these prices and withholding amounts without considering the potential impact of exchange rate shifts. Financially speaking, the company has covered its loan requirements on both the local and world markets. In the latter regard, exchange rate insurance and the refinancing of liabilities are not suitable arrangements for offsetting higher financing costs and the exchange losses already suffered.

Prospects

Plans for 1982 call for a continuation of the ongoing modernization of refinery installations, the tanker fleet and the marketing network.

With regard to marketing in particular, the company will continue offering guaranteed supplies of its products and meeting the emerging demands for new products involving advanced technology.

Crude Oil Imports to End in 1983

Argentina expects to end crude oil imports in 1983 and to begin a moderate (around 2 million cubic meters a year) hydrocarbons export program as of 1984, said the undersecretary of fuels, Guillermo Wallbrecher, at the most recent OPEC meeting in Austria.

Wallbrecher explained that at present Argentina imports between 1.5 and 2 million cubic meters of crude oil a year. It also imports some light derivatives (gasoline) and natural gas from Bolivia and exports heavy derivatives (about 2.5 million cubic meters a year of gas oil and fuel oil). A program is

under way to overhaul present refineries and incorporate modern "intensive cracking" installations that will boost the production of light derivatives.

In discussing oil self-sufficiency among the developing countries, the OPEC delegates agreed that "the policy of development based on cheap oil seems to be definitely a thing of the past." Therefore, the feeling was that the oil exporting countries should look after their reserves so that they last as long as the process of development that they are using their oil to accomplish. Hence, their future export policies will aim at controlling supplies and adjusting prices to their development needs.

Energy Supplies

Wallbrecher explained that Argentina's present-day energy supplies are heavily dependent on hydrocarbons, inasmuch as oil and its derivatives account for 61 percent; natural gas, 23 percent, coal and wood, 7.5 percent, and hydroelectric and atomic power, 8.5 percent.

However, as a result of the major hydroelectric projects (Yacyreta, Piedra del Aguila, Corpus, etc) envisaged in the National Electric Power Program, and the construction of the second nuclear powerplant at Embalse Rio III, the Atucha II project and other nuclear powerplants, as well as the replacement of fuel oil with natural gas and heating coal, our energy supply mix will look like this by the year 2000: oil, 35 percent; gas, 28 percent; hydroelectric and nuclear power, 30 percent, and coal and wood, 7 percent.

Current Oil Policy Analyzed

Buenos Aires LA PRENSA in Spanish 13 Dec 81 p 8

[Text] "The oil policy begun in 1976 encouraged active participation by private Argentine and foreign business," commented Luis A. Rey, the president of Pluspetrol S.A., when asked to give an overview of the country's current oil situation. He added that contract terms were based on the assumption of production risks by private business. Such contracts were more or less similar to the customary ones in the international oil industry, but the contractors were obliged to sell the oil to the YPF at prearranged prices.

He pointed out that the first round of competitive bidding was a big success and that since 1976 YPF has signed 39 contracts of different varieties. Argentine companies have had a share in all of them, with their controlling interests involved in 75 percent of the agreements.

He went on to say that this is a new development in the national oil industry, in which previously the sole alternatives were YPF or foreign companies. Nevertheless, many of these contracts, he said, are encountering serious problems today that could defeat the original goal of the policy. There has been a major drop in the number of bidders and competitive biddings alike. This is due both to the fact that YPF is not offering new areas and to the lack of interest among businessmen because of the terms offered by the state-run company and because of the disappointing results of the previous contracts.

So then, he added, the number of bids placed was 50 in 1976; 35 in 1977; 32 in 1978; 25 in 1979; 8 in 1980 and none in 1981.

When the current policy was inaugurated, he pointed out, self-sufficiency was predicted for 1980. However, oil imports are still estimated at \$500 million a year.

Current Problems

Rey, an engineer, added that several of the contracts have shown production patterns and technical developments that are very different from the ones that the contractors originally agreed to. The reasons allegedly are: incomplete information or an erroneous interpretation of the information furnished by YPF; a lack of experience and suitable advisory services, prompting mistaken assessments by the contractors, and unexpected results from the deposits in spite of accurate information and a correct interpretation of it. Here is where the risks and chancy nature of the oil industry come into play. In most sectors of the economy, well-run projects should yield acceptable profits, but the risk of failure always exists in the oil industry, even for businesses that are properly run from a technical and economic standpoint, and thus its profit margins cannot be compared with other industries.

This has been compounded by economic developments in our country, marked by inflation, recession and exchange rate problems. This has drastically altered the economic equations of contracts. The industry's prices are updated in accordance with cost increase indices that reflect average local or short-term shifts in general economic activity. These are not valid for the oil industry, however, particularly now when the indices are being held down by generally slack demand, which is not the case with oil. The costs of technology, engineers, technicians, materials or services in the oil industry anywhere in the world are tied to international costs, and local characteristics lose their importance in light of overall world demand and the ease with which oil can be transported, as well as the sources of technology, most of which are foreign.

Therefore, Rey went on to say, if we decided to replace the higher costs formula with a percentage of the world oil price, it would, in our opinion, resolve most of our current contractual problems and preclude future problems in this regard. It would simplify the renegotiation of contracts, thus saving time and effort and preventing the output losses that the current situation entails. The only contracts that would have to be renegotiated, then, would be ones involving other kinds of conflicts. In other words, renegotiation would be the exception, not the rule.

Government and YPF authorities have acknowledged this situation, he went on to say, and have begun to renegotiate problem contracts, albeit not as expeditiously as the gravity of the moment requires. The reason is that even though the political decision has been made, the bureaucratic procedures involved in implementing the contracts are slow and complex.

He then pointed out that the real definition of an oil company is one that engages basically in exploration and production activities. It is a risky business and requires large-scale investments in these two stages, especially in exploration, for which financing is hard to find because of the uncertainty of results. Such funds must therefore come from the profits yielded by production or development.

Hence, in order to diminish the risks of investment in exploration, consortiums and other partnership arrangements are worked out for these projects, which to be successful require great technical know-how, experience and a mastery of oil company interrelationships and partnerships. It is noteworthy that, with few exceptions, oil companies, regardless of their size, do not act alone in exploration projects. The keys to oil company success are a thorough knowledge of the world of oil and its operational patterns and the technical capability to evaluate projects.

Characteristics of YPF

YPF has never operated as an oil company, if we go by the above definition, Rey noted. Instead, it has been a state-run enterprise that has explored and developed leases awarded by the government in Argentine territory. It has not been involved in the oil business; it has not attempted to diminish the risks of a given project or to form a partnership with other companies to share the risk, and it has not sought to offset the risks involved in certain Argentine deposits by developing deposits outside the country.

By not operating as an oil company, it has also failed to gain experience in the oil business as it is currently defined, nor has it developed experienced personnel. This is not just because it is state-run, because British Petroleum, ENI [National Hydrocarbons Agency] and ELF are also state-owned companies and have, nevertheless, functioned like private international oil companies, he stated, adding: "I do think that YPF played a fundamental role in defending our national interest in the past, when world oil activity was dominated by an oligopoly of major oil companies. What General Mosconi did in the YPF largely prevented the serious conflicts, threats to sovereignty and political crises that other countries with oil, such as Mexico, Peru, Venezuela and the nations of the Middle East, experienced. There were enormous interests at stake here, and the powerful foreign companies that wanted to vie for them interfered with these countries' development and decision-making capacity."

The emergence of numerous independent companies, he pointed out, and the moves by the producing countries within an international relations context that no longer admits an indiscriminate use of force or economic pressure, have changed the situation in which our country's only options used to be the YPF or the foreign oligopoly. Back in 1958 the government tried to attract several private foreign companies, and the policy begun in 1976 demonstrated that our options have expanded with the incorporation of Argentine companies and capital, to the point that we will probably achieve self-sufficiency through the efforts of both the state and private capital, most of it Argentine.

The basic problem, Rey went on to say, is that the YPF performs two apparently contradictory functions. On the one hand, it is an oil company and is concerned about functioning as such by exploring and developing the best areas so as to boost its profits. This would be a competitive stance in the industry. On the other hand, as the vehicle for implementing an oil policy, it has to award contracts to domestic and foreign oil companies, its competitors in other words, and monitor their performance.

This dual role, he stressed, causes it to lose its objectivity in many cases, even in spite of the political determination of its authorities, who work within a traditional state-run structure, because despite the recent change in legal structure, it still operates with practically the same bureaucratic hindrances as other government agencies, in which officials always have misgivings about making definite decisions because "signing something is dangerous" or because "officials are always vulnerable for what they do or sign, but never for what they do not do or sign." It is thus less efficient in both roles, because it does not do business as an oil company nor does it let others do so since it decides on the leasing of areas.

A ministry or secretariat of energy should decide on leases for exploration and development areas in the country and monitor the contracts, and YPF should operate as just another oil company once it is given the flexibility and funds to compete and be as successful as the aforementioned state-run or private companies.

The government's current energy structure is, of course, totally inadequate for performing these functions, and the recent ministerial reshuffling, with the Energy Secretariat transformed into a undersecretariat, was the opposite of what should have been done. "In my opinion, the present Energy Undersecretariat has neither the resources nor the technical capability nor the political status to fulfill its mission of proposing and implementing a national energy policy."

"Thus, instead of monitoring the energy companies that come under the Energy Undersecretariat, it has to turn to them for both specialized technical studies and nonrecurrent expenditures."

In conclusion he said: "I think that the national interest grounds for maintaining the YPF's monopoly have lost their currency today. Our real national interest lies in the vigorous development of our energy potential, by lending the utmost support to the growth of a strong national entrepreneurial class, with foreign firms providing their technical and financial capabilities, creativity and drive."

This is the policy being pursued by the major industrialized countries through ENI, Shell, Esso, British Petroleum, etc, in other words, through their state-run or private oil companies, to which end they have the financial and diplomatic backing of their respective governments."

Pluspetrol S.A.

When asked to describe Pluspetrol S.A., the company he heads, Rey replied:

"Seventeen years ago, a group of Argentine professionals founded an engineering and construction firm, Ingenieria Tauro S.A., which has taken part in important construction and industrial projects in our country, particularly in the energy sector. Given this devotion to progress, we took part in the YPF biddings in 1976 and formed Pluspetrol, which is, I believe, the best example of what the oil policy begun in 1976 was designed to achieve: a new and totally Argentine oil company with a first-rate technical structure, which in partnership with Argentine and foreign companies is working under four contracts in Argentina and which has also branched out internationally with projects in Colombia and the United States and is actively looking at other possibilities both here and abroad."

8743

CSO: 3010/504

PORVENIR OIL FIELD INCREASES ITS PRODUCTION

La Paz HOY in Spanish 24 Nov 81 p 3

[Text] The oil and natural gas field of Porvenir, which is developing western Bolivia, has increased its production to 6,400 barrels of crude per day.

According to reports issued by the Ministry of Energy and Hydrocarbons, volume will be increased to 8,000 barrels in the month of January, as programmed. This will be the normal capacity of the Porvenir field.

It was also stated that once the Porvenir field is operating at full capacity it will be one of the country's most important hydrocarbon fields, as it will produce 35 percent of the output of the government oil enterprise and of the Occidental y Tesoro [Western and Treasury] contractors.

Jorge Zamora, minister of energy and hydrocarbons, has announced that the entire oil production will be earmarked to meet the country's domestic needs; however, there will be a surplus of gasolines for probable export.

The minister also mentioned the development of several plans and programs and announced that in the alternative energy sources sector an evaluation of the results of biogas experiments is continuing.

In the implementation of this program, the country has the technical and financial assistance of the Latin American Energy Organization (OLADE).

The minister of energy and hydrocarbons also reported that the manager of the Bolivian Electric Energy Co [COBEE] has requested a meeting, possibly to talk about the project which that enterprise is to undertake to ensure supplies of electric energy to the populace of La Paz.

He announced that his office has instructed that company to proceed with the installation of the Huaji electric power plant, to which end the COBEE has authorization to operate in the country until 1990.

8143

CSO: 3010/443

BRIEFS

GAS, OIL PRODUCTION--Bolivian Government Oil Deposits, YPFB, has reported that natural gas production increased 5.5 percent and that crude oil production decreased 14.4 percent during 1980 in comparison to 1979. [La Paz CADENA PANAMERICANA in Spanish 1130 GMT 19 Dec 81]

IDB LOAN FOR PIPELINE--La Paz, 17 Dec (TELAM)--Finance Minister Javier Alcoreza Mengarejo announced today that the Inter-American Development Bank has finally approved the granting of a \$67-million loan for the construction of the Altiplano gas pipeline. The loan was granted for a period of 20 years plus 5 years of grace, with a 9.25 percent interest rate. The Altiplano gaspipe will carry natural gas from the eastern producing areas to La Paz, Cochabamba and the mining centers, in order to replace heavy fuels with natural gas. [Buenos Aires TELAM in Spanish 1655 GMT 17 Dec 81]

CS0: 3010/510

COSTA RICAN, PANAMANIAN MINISTERS DISCUSS TRADE TREATY

Costa Rican Minister's Statement

PA171351 Paris AFP in Spanish 2248 GMT 16 Dec 81

[Text] Panama City, 16 Dec (AFP)--The Costa Rican vice president, Jose Miguel Alfaro charged here that Panama violated the bilateral treaty existing between the two countries when it restricted the entry of Costa Rican exports to the country 1 month ago.

Alfaro, who is also the Costa Rican minister of economy, said that Costa Rica is willing to correct the differences in the trade exchange of the two countries "as long as the interests of Costa Rica are not affected."

At the 13th meeting of the Joint Committee of the Bilateral Treaty on Free Trade, Alfaro stressed that he "will negotiate on the basis of what was agreed upon in the pact, not on the basis of violations."

For his part, Arturo Melo, the Panamanian minister of commerce and industries said that there is a difference in the trade balance between the two countries that totals some \$17 million, but reiterated Panama's willingness to hold talks to reach a prompt solution to the problem that is affecting the normal functioning of the free trade treaty.

Panamanian Minister's Statement

PA181934 Panama City Circuito RPC Television in Spanish 1715 GMT 18 Dec 81

[Report by Julio Miller]

[Text] Costa Rica and Panama have signed a trade agreement under the preferential and free trade treaty. The agreement establishes a temporary system for 1982 which will affect 21 products. This bilateral agreement solves the impasse between the two countries which occurred when the Panamanian industrialists protested about the unfavorable treatment of Panamanian products compared to Costa Rican products. Commerce and Industries Minister Arturo Melo spoke to this station about the agreement:

[Begin recording] [Melo] First of all I want to say that after the lengthy and difficult negotiations lasting from Monday until today, Thursday, with the Costa Rican delegation led by Jose Miguel Alfaro, Costa Rican vice president and economy, industry and commerce minister, my feelings are that I'm proud to be a Panamanian.

[Question] What does this Panamanian-Costa Rican agreement specifically establish?

[Answer] This agreement is based on the current circumstances and the rate of exchange problems that Costa Rica has. It maintains the compensation system that we had previously agreed upon. We are going to permit the entrance into Panama of practically 94 percent of the Costa Rican products [in the free trade list] without any restrictions. This 94 percent does not affect our industries. The other 6 percent which does affect our industries will be subject to a special treatment during 1982. This will basically reduce the import of those products to 50 percent of the amount imported during the period immediately prior to the emergence of the exchange problems in Costa Rica. This is from November 1979 to October 1980. Only 50 percent of the amount imported during that period will be permitted to enter the country. These are the products included in the sensitive list of products.

[Question] The Panamanian industrialists had revealed that Panama has an approximately \$10 million trade deficit with Costa Rica. Will this agreement end that deficit?

[Answer] Unfortunately it will not. There are problems in the rate of exchange in Costa Rica which will not permit an end of this deficit in 1982. We hope that with the increase in costs over there and Costa Rica's economic recovery this deficit will be corrected in coming years. We estimate that by the end of the year this deficit will be much more than 10 million balboas. Perhaps it will be about 17 million balboas. The imports from Costa Rica will probably amount to 29 million balboas and the exports will only amount to 12 million balboas.

[Question] If the trade deficit with Costa Rica is not solved, what is the positive aspect of this agreement?

[Answer] The positive aspect of this agreement is that we can continue to live with the bilateral free trade treaty. We should not view this lightly. This is a treaty that was signed by both countries. We have to fulfill it. If we don't, we would be violating it. Since we are demanding and will continue to firmly demand that the Torrijos-Carter treaties be fulfilled, we should also set the example by fulfilling the treaties that we have signed and that at this time are not in our favor. [End recording]

Referring to the agreement, Costa Rican Vice President Jose Miguel Alfaro said:

[Begin recording] [Alfaro] This agreement between Panama and Costa Rica establishes a mechanism that compensates Panama for the temporary advantage that Costa Rica has in the trade between the two nations in view of our adjustment in the value of the colon. This formula was reached after hard negotiations in which

Panama expressed its viewpoints and the Costa Ricans accepted them to the extent that we found them to be reasonable.

[Question] In legal terms, what could Costa Rica do regarding the effects of the devaluation of your currency on trade with Panama?

[Answer] We have done what the Panamanians have asked. We have accepted the limitations that they proposed. [End recording]

CSO: 3010/520

BOLIVIAN MILITARY BUILDUP URGED DUE TO CHILEAN THREAT

PY161356 La Paz Radio Illimani Network in Spanish 0030 GMT 16 Dec 81

[Station commentary]

[Text] The fatherland is facing an increasingly mounting threat. Chile, Bolivia's traditional enemy, has been rapidly strengthening its armed forces. Chile has also stimulated the import and production of materiel to the point of having become one of the best armed countries in Latin America.

That Chile has intensified its buildup of conventional arms is public knowledge. It has been disclosed, however, that the Chilean military industry is developing a new type of weapon: a lethal gas, one of the deadliest of the chemical-biological arsenal, which will be used by Chile in an eventual confrontation with any of its neighbors, especially against Bolivia.

Those who disagree with this view will have to look more thoroughly into the expansionist spirit that guides the actions of La Moneda. Chile has always conducted a policy of aggressiveness against its neighbors. Who but Bolivia could best stimulate the voracity of its [word indistinct]?

Chile, which came into republican life as a small nation without major natural resources, has implemented a policy of conquest. From 1879 to 1884 Chile concentrated all of its efforts on usurping Bolivian and Peruvian territory which later became the backbone of the Chilean economy.

For Chile, the war of the Pacific was the initial stage for the conquest of what Pinochet calls the great northern Chile. La Moneda is continuing to conduct an expansionist policy. This is the true explanation behind Chile's steady military buildup. Its ultimate goal is to take over Bolivian territories which are rich in natural resources.

In view of the above, it is difficult to believe that there are still Bolivian pacifists who oppose the strengthening of our armed forces. This very blindness could again cause further losses of our territory, equal or larger than that of 1879. Also in the period that preceded the war of the Pacific there appeared an influential group of pacifists in the congress who, during the government of Adolfo Ballivian in 1873, blocked the purchase of battleships designed to set up a naval force. That attitude was, therefore, a major factor in the Bolivian frustration in that war.

In view of such a hard lesson, no Bolivian should allow a similar event to occur. In sum, in the face of Chile's steady military buildup and the development of scientific innovations--such as a lethal gas--Bolivia should respond with a policy directed toward strengthening our armed forces.

PANAMANIAN DELEGATION CHARGES CANAL DISCRIMINATION

PA190217 Panama City Televisora Nacional in Spanish 2245 GMT 18 Dec 81

[Text] The Panamanian delegation to the third seminar on racial discrimination, being held in Managua, Nicaragua, under UN sponsorship, protested that the United States continues to implement a discriminatory policy toward Panamanian citizens in the canal area and that this violates the Torrijos-Carter treaties.

(Elvia de Guzman) said that racial discrimination does not exist in Panama as a constitutional norm and that the passage of Law 9670 by the U.S. Congress contradicts the spirit and letter of the treaty, because it gives a series of powers to the U.S. president and several U.S. agencies that in fact create a state within a state in the area of labor relations. She added that, according to these laws, the Policy Coordination Board for canal civilian personnel has the power to establish salary scales that result in salary reductions for Panamanian employees hired after the signing of the 1977 treaties.

The application of Law 9670, (Elvia de Guzman) said, has created deep problems of discontent among the workers and employees and can, in due time, affect the operation of the interoceanic waterway.

The Panamanian delegation, noting that this situation was protested at the United Nations by President Aristides Royo, also said that there has not been the increased participation of Panamanian employees in the canal area provided for in the treaty; neither is preference given to Panamanian citizens with the skills and abilities required. Nevertheless, dozens of U.S. citizens have been employed.

(Elvia de Guzman) said that Panamanian workers have been deprived of earnings over \$4 million in 1981 and that this amounts to a subsidy given by Panama's economy to the nations using the canal, particularly the United States.

CSO: 3010/520

BRIEFS

IDB LOAN TO ECIEL--The Inter-American Development Bank (IDB) has announced the approval of a nonrefundable technical cooperation loan for the equivalent of \$2.7 million for the program of the Joint Studies on Latin American Economic Integration (ECIEL), to carry out economic investigations on problems which mainly affect Latin American low-income sectors. The program includes investigations over a 3-year period on productivity and training in the rural field, the impact of economic policies on employment and income distribution and public social expenditures in Latin America and its distributive effects. ECIEL is an independent non-profit organization with its main offices in Rio de Janeiro. It has received IDB support since 1964. [PY191124 Asuncion ABC COLOR in Spanish 7 Dec 81 p 12]

PANAMANIAN-MEXICAN LABOR AGREEMENT--The Panamanian minister of labor and social welfare, Oyden Ortega, and the Mexican secretary of labor and social welfare, Javier Garcia Paniagua [name as published], recently signed in Mexico City a technical cooperation agreement for the development of a social-labor program dealing with employment, productivity, labor statistics, training and recreation of workers. The agreement was signed in the presence of Dr Hans H. Langen, ILO director for Mexico. [Panama City LA ESTRELLA DE PANAMA in Spanish 14 Dec 81]

CSO: 3010/510

MULTIPARTY ISSUES OFFICIAL DOCUMENT

PY181733 Buenos Aires TELAM in Spanish 2030 GMT 16 Dec 81

[Text] Buenos Aires, 16 Dec (TELAM)--The multiparty group today stated that the process of institutional normalization must start immediately with the lifting of restrictions affecting the activities of political parties and union organizations and must culminate as soon as possible in the urgent holding of general elections without proscriptions, gradualism or conditions of any kind.

The final document issued by the above political group is entitled "Before It is Too Late; a Call and a Proposal to the Nation." It was officially released this afternoon during a ceremony held at the headquarters of the Radical Civil Union [UCR] at 1786 Alsina Street, a ceremony which was attended by the leaders of the five parties that take part in the multiparty group: Deolindo Bittel, Justicialist; Carlos Contin, UCR; Arturo Frondizi, Integration and Development Movement; Oscar Alende, Intransigent Party; and Francisco Cerro, Christian Democratic Party.

The paragraphs added at the meeting held last night by the five party leaders state that the workers' purchasing power must be urgently boosted through a wage increase which should also be extended to low income retired people since the expansion of the domestic market will permit the reactivation of a process of full employment, accumulation and improved productivity.

The five party leaders eliminated a paragraph inserted toward the end of the document which referred to the bad advisers of the armed forces.

They also introduced other minor changes such as replacing the word "provisions" with the word "proscriptions" when referring to the future electoral process.

Introduction

With a wording which is quite similar to that of the preamble of the national constitution of 1853, the multiparty declaration starts by stating that: We, the representatives of the majority of the Argentine people, complying with the commitments we assumed at the assembly of 14 July 1981, convinced that the country faces a serious national emergency and that it has been demonstrated that a de facto regime cannot survive, in keeping with the Argentine Episcopate's call for national reconciliation, and exercising our inalienable rights and duties, we hereby address the entire nation, before it is too late, to call upon it and to brief it on our overall thinking and on the courses of action we propose.

The document adds: This call to the nation stems from our political parties' conviction that without relinquishing our own individual identities we can put aside old rivalries to seek common denominators which could be instrumental in finding a solution to this crisis.

It adds: We also came to the conclusion that although these ideas and proposals are being formulated by political parties, they ought to convey as much as possible the interests and aspirations of all social sectors and of all of the basic institutions of the country.

The multiparty declaration contends that the armed forces should perform the role entrusted to them by the national constitution and supports the full enforcement of the statute of political parties approved by the National Congress. It also proposes the repeal of the laws on professional associations and on social works which were approved of late, the immediate normalization of union organizations and that social works be again placed under the former law; and outlines other points of general interest.

Political Institutional Area

In this same chapter the multiparty group advocates an immediate institutional normalization by calling general elections without proscriptions, gradualism or conditions of any kind.

It adds that the institutional normalization process must be started immediately by announcing an electoral schedule that must include specific deadlines which, moreover, must be inexorably met.

Moreover, it requests the government to avoid manipulating public opinion through its social communication organizations.

Regarding the government's role in establishing the guidelines for the economic process, the multiparty group notes that the government cannot be excluded from it as was proposed by liberal sectors of the past century and is still advocated today by some of its present spokesmen.

The multiparty group document adds that political parties are irreplaceable organizations in a representative democracy and that their inalienable functions are to teach good citizenship, practice political militancy, and to participate in elections and in the decisionmaking process. Moreover, they serve as an intermediary between society and the government since they represent the will of the majority of the people. This is why it is inadmissible to confuse political parties with the government or for the latter to establish political parties through decrees, since they only serve their purpose when they are the result of a deep and permanent social process.

The multiparty document notes the urgent need for restoring a democracy without the issuance of new regulating measures since the political parties' statute approved through Law No. 16,652 and later approved by the last National Congress through Law No. 21,018, is still in force. The full activity of political parties

must start immediately in compliance with those measures in force but without measures which leave it up to the discretion of officials to mete out punishment.

Economic Area

The main subjects that are discussed hereafter, beginning with those pertaining to the economic sector, state:

The purchasing power of workers must be immediately boosted through a wage increase that should also be extended to the low income retired people.

The parity rate between the peso and foreign currencies should be established on the basis of achieving a balance in the current account.

Inflation has hindered the allocation of vast national resources, damaging both enterprises and low income sectors. This economic program believes it is imperative to eradicate this scourge from our nation.

Special attention should be given to the situation of the working class and wage earners in general if Argentina's social conditions are to improve.

The rules banning free labor movement, as well as those which suspend the right to strike or penalize its exercise should be revoked.

Management-workers commissions should be rehabilitated in order to negotiate new collective work contracts.

Health care is a basic social right which should be directly and primarily ensured by the state.

Social assistance services in the state, private and labor areas should coordinate and integrate their action.

Proper housing being a social right, there should be a national housing policy addressing all aspects of the problem.

Cultural and Educational Area

The educational system should be fully revamped both at the school and university level to improve its effectiveness, to offer equal opportunities, and to stimulate self-appraisal.

The university should be restructured so that it will effectively serve the country with its high academic quality, its orientation and its service to the requirements of society.

Inequalities, limitations and increasing deterioration of services can only be eliminated by providing funds to the university within the context of an overall policy.

Foreign Policy Area

Argentina's foreign policy should be based on total independence from the centers of world power which might intend to rule us politically and dominate us economically.

Argentina should maintain relations with all countries with due respect for a pluralist world, without making ideological discrimination.

The nation should abide by the norms of international law that it ratified and observe the purposes and principles stated in UN resolutions.

The arms race must be condemned as a menace to principles which have been set forth and, of course, Argentina should refrain from participating in international military forces.

We defend a concept of national sovereignty that is not only concerned with territorial rights but also with the protection of all the nation's resources.

Regarding the question in the southern region, we ratify Argentine territorial sovereignty in accordance with the principle of oceans' separation through the Cape Horn meridian.

Final Call

The multiparty document states, in conclusion, that these proposals should be sufficient for us to undertake a march of common propositions so that the nation's faith can be restored, the enthusiasm of youth can be aroused, and peaceful changes--spiritually enlightened by the high hierarchy of Pope John Paul II--can be brought about in accordance with the profound transformations the world is experiencing.

To have the new world to which we aspire, old structures must be overcome, because we do not want to move backwards, but to advance toward new forms of participation and coexistence. As a prerequisite to bring about the changes, it is urgent to restore the principle of popular sovereignty and to enforce the state of law and all that that implies, such as the respect for civil liberties, specifically human rights, and freedom for political, labor and cultural movements.

The document points out that had these ideas--which are the same as those of our national constitution--been in force, it would have been impossible to have an economic policy that led us to disaster and compromised the armed forces whose mission is not to defend economic theories but the national sovereignty and the ideological pluralism which will shape the decisions of the majority of the people.

In conclusion, all members of the nation are called upon to achieve these lofty objectives, without excluding the armed forces, a sector of the nation with clearly- and precisely-established functions to perform, so that Argentines may find the road to unity under the rule of law, social justice and democracy.

NEW INTERIOR MINISTER INTERVIEWED

PY191848 Buenos Aires TELAM in Spanish 2145 GMT 18 Dec 81

[Excerpts] Buenos Aires, 18 Dec (TELAM)--The announcement of the members of the cabinet which will hold office during the term of President-designate Lt Gen Leopoldo Fortunato Galtieri was made by the secretary general of the army and the future interior minister, Maj Gen Alfredo Oscar Saint Jean, during a meeting with journalists at the Libertador building.

The military leader, upon being asked if there would be changes in the government's philosophy, emphasized that the bases and objectives of the process remain unalterable.

Concerning the ministries law, General Saint Jean emphasized that the bases of this are handled by the Planning Secretariat, and that there might possibly be some modifications which would not affect the appointments made by Lieutenant General Galtieri.

He also revealed that within these modifications it is foreseen that the Energy and Fuels Secretariat will come under the Economy Ministry, and that the new secretaries will be named in the next few days.

He indicated that Lieutenant General Galtieri is pleased at the new officials' acceptance of their new responsibilities and at the willingness of the top candidates to accept the appointments.

Concerning the economic plan, he said that the armed forces will keep to the general lines already established and that the relevant agreements had been reached after the consultations that were held in order to settle all the details so that the process will make up all that which it has not been able to accomplish during its first years.

He added that the objectives outlined at the beginning of the national reorganization process were remote in the beginning, and that regardless of the cost they are going to be reached. He added that despite the zig-zags which have been followed, the final goal will not be lost.

Concerning the political plan, he maintained that it remains fully in force and he revealed that the guidelines will be updated and that the political parties statute will be approved about the middle of next year.

Concerning the political dialogue, he indicated that since time has already been devoted to this more concrete objectives would be reached, and he noted the work being done by the members of the COMIPOL [Political Commission] as well as the work of former Ministers Harguindeguy and Liendo, who had contacted General Saint Jean in order to offer all their experience on the matter.

Upon being asked about the designation of new provincial governors, he said that that would be settled soon and added that whoever has done well would retain his position.

He then emphasized the background of the new head of the Public Information Secretariat of the presidency, Ambassador Rodolfo Baltierrez and emphasized the desire of the armed forces for a civilian to be designated the head of that organization.

He indicated that Baltierrez possesses all the personal and professional requirements for the job.

He concluded by emphasizing the attitude of Generals Harguindeguy and Liendo, who got in touch with me after finding out about my designation at interior minister in order to disinterestedly offer me all the experience they had gained during their terms in that position.

Upon being asked if his new assistants at the Interior Ministry had been designated, he said that he is still continuing to work actively with the commander in chief and the other assistants and that as of this moment he has not been able to hold final consultations.

CSO: 3010/505

LAMI DOZO SPEECH AT AIR FORCE SWEARING IN

PY171721 Buenos Aires Domestic Service in Spanish 1358 GMT 17 Dec 81

[Speech by Lt Gen Basilio Arturo Ignacio Lami Dozo during ceremony taking over general command of the Argentine Air Force from Lt Gen Omar Graffigna at the School of Military Aviation in Cordoba--live]

[Text] With profound professional satisfaction, I have the high honor of assuming in this ceremony the position of commander in chief of the Argentine Air Force.

These thoughts are directed to this institution which as of now is under my command.

Our constitution says that every Argentine citizen has the obligation to arm himself in defense of the fatherland and its constitution. It would be difficult to summarize in fewer words the nature of the Argentine armed forces. The armed forces are the people armed for the defense of not only the territorial integrity of the nation but also the defense of its political and juridical institutions.

The defense of the fatherland is the defense of freedom, because without sovereignty there is no nation and without a nation there is no freedom.

The defense of the fatherland--in its more profound and pure essence--is our mission as members of the armed forces in a republican country like ours. To fulfill our mission it is necessary to constantly satisfy several requirements: to maintain and surpass all the time the high level of professional preparation we have reached, an achievement we should be proud of.

Our mission--difficult and honorable--basically depends on human, technical and material factors and precisely one of the most important factors is the human factor. The best military training and most perfected military equipment will serve no purpose if our spirit is not strengthened by dedication to military virtues; and the permanent exercise of these virtues will always be our most glorious decoration.

The greatest merit of those virtues consists of practicing them, not of proclaiming them, and when I say that the love of the fatherland contains all those virtues, I am certain that it is true.

Love of the fatherland implies unyielding devotion to the great values which are its essence and unbreakable loyalty for the great principles which sustain it. It takes courage, determination and firmness to defend those principles, together with a tenacious struggle against difficulties, capacity for sacrifice and fortitude of character in adversity.

Love of the fatherland means moral integrity, republican austerity, material unselfishness and personal denial in order to overcome the allurements of power and riches which lead to failure through the greed of those who do not shield themselves with those virtues.

Devotion to the fatherland is also shown in respect for rank through the observance of discipline, in the feeling of one's own dignity and in the spirit of comradeship, virtues that are characteristic of the military profession and without which we would only be a body without a soul, unable to honorably meet the hard emergencies in which we are often placed during the fulfillment of our duty.

In the fulfillment of our duty we are engaged, together with the army and the navy, in promoting the national reorganization process which we have initiated precisely because of love of what is ours, when we found the republic on the brink of disintegration and chaos.

The national reorganization process has a legitimate origin, purged of personal ambitions; a clear way of thinking which is identified with the best traditions of the fatherland; an unquestionable objective which is in agreement with the republican spirit of our people and an appropriate means of reaching that objective: the Argentine people.

Its principles, its main moral, political, economic and legal guidelines are clearly established in the basic documents. The government programs established in these basic documents have shown their practical effectiveness and their capacity to overcome unforeseen alternatives since they provide for modifications which have spared the country from dangerous deviations that would have shattered the harmonious government process and the responsibilities shared by the power structures.

In my capacity as commander in chief of the Argentine Air Force, I have come here to confirm that we will honor our pledged word and that we will reach the goal solemnly stated 24 March 1976, despite all the errors we may have to correct and despite the efforts and the sacrifices that will be demanded.

Our actions will be imbued with a permanent willingness to act in accordance with the demands of any given situation, setting aside complaisance and permissiveness that allow personalism and demagogery to rise, as happened in the past to frustrate previous efforts to lead the nation to its historical destiny.

Keeping my predecessors in mind on this memorable occasion, I would like to pay a special tribute to General Graffigna.

The deep awareness of the important undertaking he was to take part in enabled him to be a factor of unity and harmony and in so doing he fulfilled the commitment made upon assuming his duties as air force commander.

In these past 3 years he has given himself entirely to his work and we shall remember him as a man of thought and of action.

On behalf of the Argentine Air Force, I must pay a public tribute to General Graffigna for all his efforts, for his patriotism and self-denial, and his devotion to duty and sacrifice which he has shown in the long and successful career that ends today.

Members of the great Argentine Air Force: You have listened to my feelings and my thoughts. These will be the guidelines on which I will base my leadership.

Through the Virgin Loreto [patron saint of the air force] I request the Lord to enlighten us and may His divine wisdom guide the steps that will lead us to achieve the greatness of the fatherland.

CSO: 3010/505

ALSOGARAY OUTLINES ECONOMIC IDEAS

PY161841 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2330 GMT 15 Dec 81

[Text] Buenos Aires, 15 Dec (NA)--Former Economy Minister Alvaro Alsogaray has asserted that the armed forces must proscribe the Peronist regime, the Justicialist Party and Mrs Isabel Peron and leave citizens that agree with those ideas to form a new party, as was the case of Nazism after Germany's reorganization.

Alsogaray, who disclaimed being liberal in economy and authoritarian in politics, said that "by the complexity of problems, the Argentine economy is worse now than in 1976, except that now there is more order than in the stage previous to the taking over of power by the military government."

The former minister and controversial lecturer pointed out--on referring to the change of government--that "when the economy minister is sworn in on 22 December, the country's future will be sealed for a long time," and he warned that, from his point of view, the present opportunity is absolutely "decisive."

Alsogaray delivered a speech today in the lounge of this capital's American Club on the occasion of a round of economic talks organized by the Rio de la Plata Loan Bank on the subject of "economy in 1982: which path?"

On analyzing his economic proposal which, in his opinion is the path that the country must accept to surmount the present "leadership crisis," Alsogaray pointed out that his plan can be applied--as in the United States and in England--with a democratic government or with one which will march toward democracy.

He recalled that his economic program is complemented by a political proposal in which "I do not proscribe Peronists, but I do propose the elimination of the Peronist regime."

In discussing his political program he said that "the armed forces must make an effort to transfer enterprises to private hands," and he asserted that "the military can absorb the cost implied in the application of the proposal."

Alsogaray asserted that "this imminent change is absolutely decisive, because deciding on a 'third position' within the Martinez de Hoz gradualist guidelines is now out of the question." Therefore, "two concrete possibilities remain: either a planned and controlled economy with a strong political dictatorship, like the one we had during the 1945-55 period, or the application of a truly liberal market economy."

BRIEFS

GOLAN HEIGHTS ANNEXATION OPPOSED--Buenos Aires, 18 Dec (NA)--Argentina today publicly expressed its opposition to Israel's decision to annex the Golan Heights taken from Syria following the 1967 war. The Argentine position was made public in a press communique the San Martin Palace released in mid-morning. The text of the communique is as follows: 1) Argentina along with 140 countries supported the resolution (project A/36/SPC/1/22) which was adopted by the UN General Assembly and whose third article rules void and of no value the unilateral modification of the status of the Golan Heights and the statute regulating its situation since 1967. 2) The general Argentine position on this question is one of unswerving support for resolutions 242 (1967) and 338 (1973) of the UN Security Council and the principles of international law inspiring them, and it is consistent with our government's fervent desire that the parties in conflict in the Middle East do not take unilateral measures which violate the resolutions of the UN Security Council and compromise the quest for a just and lasting peace in that region. [Text] [PY182030 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1417 GMT 18 Dec 81]

REGA ADVISER ARRESTED--Buenos Aires, 18 Dec (NA)--Jose Miguel Banni, a former adviser of former Social Welfare Minister Jose Lopez Rega, has been detained in the Rome airport and put at the disposition of Argentine judicial officials, who were summoning him for having allegedly committed diverse crimes, according to what was learned in judicial circles. The detention of Banni occurred while he was taking a trip from Spain to Switzerland, when the Italian authorities found irregularities in his passport. [Text] [PY181437 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1232 GMT 18 Dec 81]

CHRISTIAN DEMOCRATIC PARTY--Buenos Aires, 12 Dec (NA)--In a congress attended by 350 delegates from 19 provinces, the Christian Democratic Party [PDC] was reunified today in this capital. The new PDC board consists of Francisco Cerro as president and of Carlos Auyero, Martin Dipp and Hugo Conza as secretaries general. The board also consists of 24 members, 12 from each of the two parties which have reunified: the Christian Popular Party and the Christian Revolutionary Party. The PDC, which was founded in 1954 in Argentina, had been divided into the above two factions since 1972. [PY161928 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0048 GMT 13 Dec 81]

NEW MARITIME INTERESTS OFFICIAL--Buenos Aires, 15 Dec (TELAM)--Trade and Maritime Interests Minister Carlos Garcia Martinez has administered the oath of office

to Capt Tico Garcia, who will be promoted to rear admiral at the end of this year, as the new undersecretary for maritime interests. Captain Garcia has replaced Rear Adm Alberto Barbich, who retired. [PY161928 Buenos Aires TELAM in Spanish 1710 GMT 15 Dec 81]

NEW NAVY SCHOOL DIRECTOR--La Plata, 12 Dec (TELAM)--Capt Mario Pablo Palet was sworn in today as the new director of the Navy School stationed in Rio Santiago. He replaced Rear Adm Jorge Goulou. [PY161928 Buenos Aires TELAM in Spanish 1558 GMT 12 Dec 81]

CSO: 3010/505

IDB, ALIDE TO STRENGTHEN REGIONAL DEVELOPMENT BANKS

La Paz PRESENCIA in Spanish 26 Nov 81 p 10

[Text] The Inter-American Development Bank (IDB) and the Latin American Association of Financial Institutions for Development (ALIDE) have decided to strengthen the development banks of Latin America with monies from the Fund for Special Operations.

To this end, they have signed a nonreimbursable, technical cooperation agreement of \$212,000, which will be used to implement a program which consists of three projects designed to strengthen the action of the development banks.

The objective of the first project is to identify and analyze the criteria used by the development banks to evaluate and orient the use of appropriate technologies during the project's financing cycle.

The second project consists in identifying the ways in which the development banking system grants technical assistance to the rural sector and formulating and designing a plan or models of aid programs to this sector that can be adopted by banks in the system.

The third project proposes to identify the ways in which the development banking system provides technical assistance to the rural sector and to formulate and design a plan or models of aid programs to this sector which can be adopted by banks in the system.

The bank's technical cooperation funds will be used to contract the services of three consultants and technical personnel to conduct the study.

The total cost of the project is \$258.526, of which the IDB contribution will amount to 81 percent. ALIDE will finance the remaining 19 percent.

ALIDE will organize one or more working groups made up of technicians from its own personnel and from such institutions as it considers appropriate to collaborate with the consultants in carrying out the program, analyzing data and advising on the formulation of the conclusions and recommendations.

ALIDE will also provide the logistic support required for implementation of the program, will organize meetings of high-level specialists of the IDB and ALIDE itself to perform a critical analysis of the documents produced by the respective subprograms, will suggest modifications if necessary and will recommend the actions called for in the respective sectors.

The program will be completed within 18 months after the signing of the agreement. ALIDE will intercede at the level of the development financial institutions to ensure implementation of the recommendations made as the result of execution of the subprograms.

43
CSO: 3010/443

IDB PROVIDES AID FOR AGRICULTURAL RESEARCH

La Paz PRESENCIA in Spanish 24 Nov 81 p 8

[Text] The Inter-American Development Bank (IDB) has approved a nonreimbursable, technical cooperation agreement totaling \$8.1 million to contribute to implementation of the basic programs of three agricultural research centers in Latin America in 1981.

The agreement covers the following centers: International Center for the Improvement of Corn and Wheat, in Mexico; International Center for Tropical Agriculture, in Colombia; and International Center for Potatoes, in Peru.

The IDB's technical cooperation has the purpose of supporting the international centers in their basic research, training, advisory and dissemination of technology programs to Latin American countries with respect to crops or products which are the responsibility of each international center.

The bank's support to the International Center for the Improvement of Corn and Wheat, in Mexico, will be used for research, economic studies and advisory services, while the support for the International Center for Tropical Agriculture, in Colombia, has the objective of making possible research on beans, yucca, rice and tropical plains.

Financing for the International Center for Potatoes will be used for regional research on potatoes and for training and scholarship programs, documentation and information services and advisory services to the national centers and to other organizations engaged in research and the transfer of technology.

Background Information

Along with 10 other institutions in various parts of the world, the international centers are performing agricultural research designed to resolve problems of malnutrition and inadequate agricultural production through increased production of basic grains, vegetables, tubers, livestock products and other foods.

Since 1974, the IDB has contributed a total of \$43.2 million to the basic and capitalization programs of the international research centers.

Additional technical cooperation of \$8.1 million which was granted from monies of the Trust Fund for Social Progress administered by the IDB on behalf of the U.S. Government will be disbursed in three installments.

The total cost of the basic programs of the three centers for 1982 has been estimated at \$57.3 million, of which IDB technical cooperation will account for 14.1 percent.

In addition to the bank's contribution, about \$49.2 million will be provided by donor countries, institutions and foundations which, along with the bank, make up the International Consultation Group for Agricultural Research.

8143

CSO: 3010/443

WORLD BANK ASSISTS MINING ENTERPRISE

La Paz PRESENCIA in Spanish 24 Nov 81 p 4

[Text] Oruro, 23 Nov--The National Federation of Mining Cooperatives is actively working to finance programs of its associates, provide technical advice and ensure cooperative education, according to federation spokesman Victor H. Echeverria Villegas. He said that in cooperation with the production sectors he had obtained from the World Bank a credit of \$2.5 million to mechanize and increase production, particularly of the gold cooperatives.

He added that he had also arranged for economic aid so that the Colmarca, Ltd, cooperative, which is located on the Altiplano, can increase its exploitation of limestone. He went on to say that action is now being taken to obtain loans from the National Fund for Mining Exploitation to improve the work system and to locate new mineralogical deposits in the sectors in which mining cooperatives have their work centers.

He also told the press that the National Federation of Mining Cooperatives has a technical department consisting of three engineers: one Bolivian and two Canadians, who provide advisory services to cooperatives which request such cooperation.

The tasks being performed by this team of engineers include: improvement of the mechanized mining installations, electric plants, industrial safety, orientation of work inside the mine (measurements, communications, shafts, galleries, etc).

The federation also organized a department of cooperative education which has the mission of implementing training and cooperative indoctrination programs. The training of cooperative members in the handling of the administrative responsibilities of their units; e.g., bookkeeping, is given preferential treatment.

Finally, with a view to integration of the country's cooperative members, a series of events will soon be organized for leaders of all areas of the national cooperative sector, who will also be informed objectively of the work being done by the National Federation of Mining Cooperatives of Bolivia.

8143

CSO: 3010/443

BRIEFS

UNION ACTIVITIES NORMALIZED--La Paz, 19 Dec (EFE)--The Bolivian military government decided today to normalize the activities of the unions within 90 days, according to an agreement signed with mineworkers' representatives. The talks between the mineworkers and the government ended satisfactorily today after the government and the workers reached agreement on the basic points of a proposal put forth by the Catholic Church. The document emphasizes the government's recognition of the rights of all Bolivian workers to form unions and associations. The commission appointed by the mineworkers and the government will continue talks in the next few days to adopt decisions on the workers' demands for the prompt reopening of the mineworkers' broadcasting stations, which were closed on 17 July 1980 by Gen Luis Garcia Meza's administration. The representatives of the Catholic Church, which made the solution of the differences between the government and the workers possible, said that the "dialogue was broad and sincere in the effort to reach agreements." [Excerpts] [PA200358 Madrid EFE in Spanish 0219 GMT 20 Dec 81]

MINING EXPORTS--The value of mining and metallurgical exports during the first 7-month period of this year has reached \$301.2 million, which implies a reduction of \$66.3 million in relation to the value recorded last year during the same period. This information was provided by the Mining Ministry's secretariat of economic studies and foreign trade. [PY191142 La Paz PRESENCIA in Spanish 14 Nov 81 p 9]

ROLLBACK IN EXPORTS--The General Foreign Trade Board of the Ministry of Industry, Trade and Tourism has reported that during the first 6 months of 1981, Bolivian exports decreased by 8.4 percent in relation to the first 6 months of 1980. During the first half of 1981, Bolivia exported traditional and nontraditional products for a total value of \$435,947,115, which is \$40,099,325 less than in the same period of 1980. Exports of traditional products include coffee beans, ethyl alcohol, lumber, tin cans, compressors and handicrafts. The main markets were the countries of Latin America Integration Association, LAIA, the United States and the EEC. [PY191142 La Paz EL DIARIO in Spanish 8 Nov 81 p 9]

ACCUSATIONS AGAINST MEZA--La Paz, 4 Dec (AFP)--Former President Luis Garcia Meza, the current director of the Bolivian Government Oil Deposits (YPFB), and some collaborators at YPFB falsified the prices of petroleum drilling equipment bought from a Mexican firm, the newspaper EL MUNDO of Santa Cruz, in eastern Bolivia, has reported. According to the newspaper, YPFB bought two machines from the Mexican company Industrias de Hierro, SA, which cost \$18 million, but the price was raised by 25 percent. The disclosure, according to EL MUNDO, was made by a group of

petroleum workers who sent a letter in which the operation by the aforementioned group was described. The denouncers also emphasize that this transaction was not submitted to public bidding, as required by law; and they ask that the comptroller general of the republic initiate investigations into the case and sanction those responsible. [Text] [PY211133 Paris AFP in Spanish 0132 GMT 5 Dec 81]

PROGRAMMED 1982 MINING INVESTMENTS--The National Mining Council's Economic Committee has approved a \$250 million mining investment budget for 1982, which covers all Bolivian mining sectors. Out of this budget, \$126 million will be designated for investment and preinvestment plans; \$80 million for payment of liabilities, plans underway, transfers among institutions and to the acquisition of assets. This document must be approved by the National Economic and Planning Council (CONEPLAN). [La Paz PRESENCIA in Spanish 2 Dec 81 p 6]

NETHERLANDS WHEAT--La Paz, 17 Dec (TELAM)--The Industry and Trade Ministry reported today that the Netherlands company Nidera has been awarded the contract to supply 100,000 tons of wheat worth \$22 million, for delivery to the port of Antofagasta. The first shipment will arrive in January and they will continue until April 1982. [Buenos Aires TELAM in Spanish 1540 GMT 17 Dec 81]

CSO: 3010/510

REPORTS REVEAL POLITICAL AGITATION BY CHURCH ELEMENTS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Dec 81 p 30

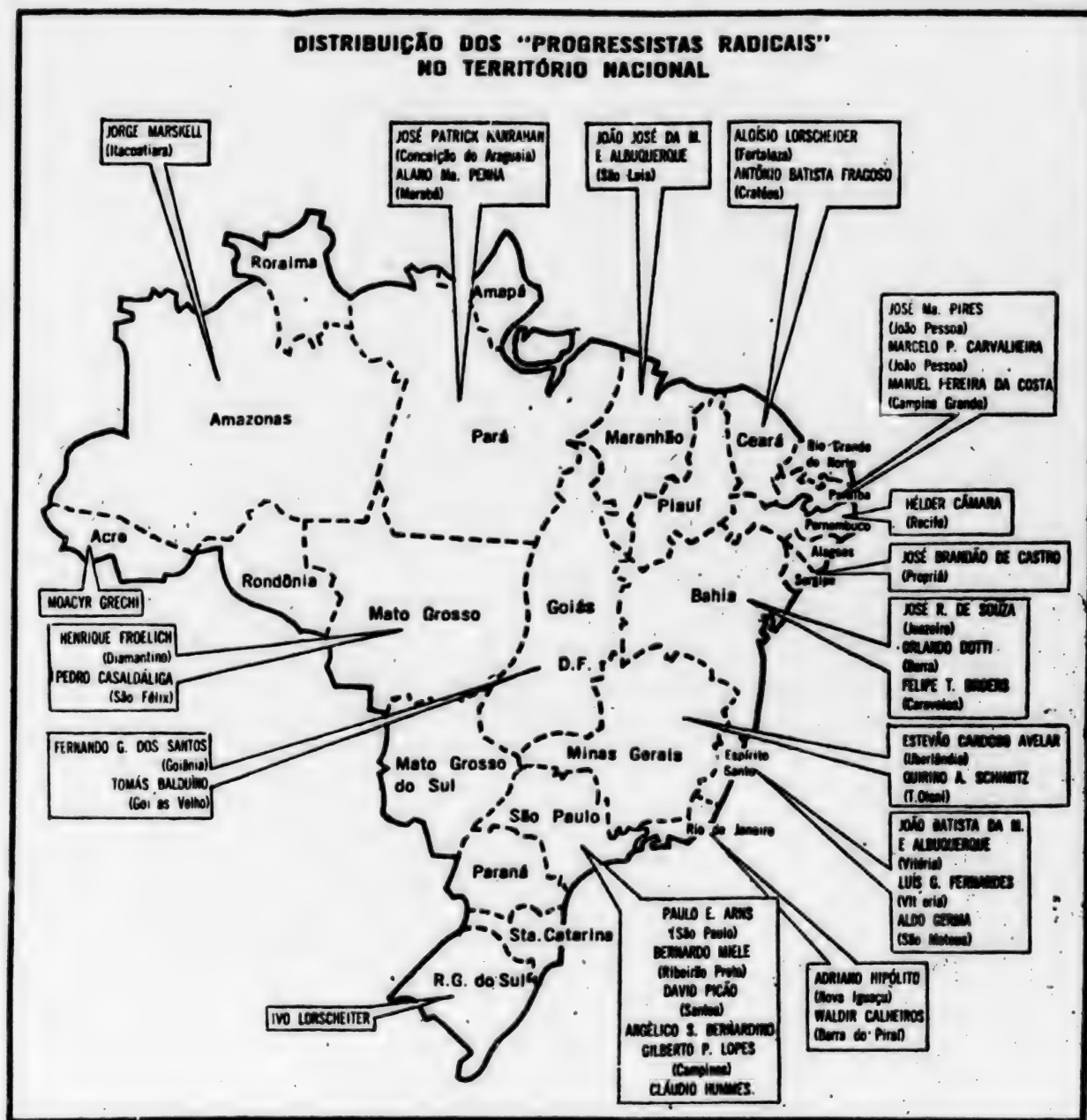
[Text] Since 1978, with political liberalization, grass-roots movements for assertion of legal rights have been growing significantly, in the countryside as well as in the city, with the support and at times the instigation not only of leftist groups but also of religious orders, priests and laymen. Actions by these groups appear in government reports about the nation's agrarian problems.

According to several such reports--profusely illustrated with catechism primers, bulletins, publications and research studies by the dioceses, parishes, CNBB [National Conference of Brazilian Bishops] and, especially, Pastoral Land Commission (CPT) themselves--the activities of these groups converge with those of opposition politicians, "seeking to obtain more support for political interests from such people by exploiting existing vulnerabilities."

Although some of these reports about activities of priests, laymen and bishops in the Amazon region, especially around Araguaia, call attention to the "violent" language of such groups (even referring to resurgence of the seeds of armed struggle), others simply enumerate the areas of land disputes or agitation in large urban centers or in the countryside, also mentioning the names of those involved in the activities.

One of these reports shows a map of Brazil pointing out regions where the so-called "progressive" priests are most active, the area of their operations and the names of bishops, priests, nuns, laymen and agitators considered by government agents to be "leftist" or influenced by leftists. Another report is concerned only with the activities of Dom Pedro Maria Casaldaliga Pia of the Sao Felix do Araguaia prelacy. The document includes poems by this bishop with verses and statements such as: "Liberation will not be achieved without bloodshed"; "To ignore the class struggle is to ignore daylight and darkness"; or "I incite to subversion/ against money and power/ I have faith in the guerrilla/ and love of revolution."

One of the most recent of these reports asserts that at the end of this year it was possible to record urban land takeovers in Sao Paulo (southern zone of metropolitan region), Duque de Caxias (Greater Rio de Janeiro) and Nova Iguacu (also Greater Rio), all of them, it is alleged, with proven participation by the clergy, also alleged to be involved in agitation in Roraima, Acre, Para, Ceara, Paraiba, Pernambuco, Bahia, Goias, Mato Grosso, Parana and Rio Grande do Sul.



Nationwide Distribution of "Radical Progressives"

According to these reports, the major "radical progressives" of the Catholic Church in Brazil are the following bishops: Ivo Lorscheiter (Rio Grande do Sul); Paulo Evaristo Arns, Bernardo Miele, David Picao, Gilberto P. Lopes, Angelico Sandalo Bernardino and Claudio Hummes (Sao Paulo); Adriano Hipolito and Waldir Calheiros (Rio de Janeiro); Estivao Cardoso Avelar and Quirino Schimitz (Minas Gerais); Joao Batista e Albuquerque, Luis G. Fernandes and Aldo Gerna (Espírito Santo); José R. de Souza, Orlando Dotti and Felipe Broers (Bahia); Helder Camara (Pernambuco);

Jose Brandao de Castro (Sergipe); Manuel Pereira da Costa, Marcelo Carvalheira and Jose Maria Pires (Paraiba); Aloisio Lorschieder and Antonio Batista Fragoso (Ceara); Alano Pena and Jose Patrick Hanrahan (Para); Fernando G. dos Santos and Tomas Balduino (Goiias); Henrique Froehlich and Pedro Casaldaliga (Mato Grosso); Moacyr Grechi (Acre); and Jorge Marskell (Amazonas).

All these bishops--who have authority over an enormous number of subordinates such as priests, nuns, lay brothers and others--have at their disposal, according to the government reports, extensive technical support such as newspapers, magazines, printing plants, small presses, radio stations and a battalion of young people willing to distribute material and promote discussions in the countryside and in the outskirts of large cities.

Nationwide in 1973 the Catholic Church had 150 newspapers and magazines and 119 radio stations. A more recent report says that there are now 130 radio stations but does not say whether or not the number of newspapers and magazines has increased. In any event, "consciousness raising" of the "needy population" is done by less conventional methods, such as bulletins, leaflets and pamphlets, besides mimeographed newspapers, whose number is almost impossible to determine precisely.

Other information contained in the reports: nationwide the Catholic Church owns 177,555.1 hectares of land, consisting of 1,128 registered properties. That area, however, is really greater, as there are properties--of unknown extent--registered not as belonging to the church, but to saints, the Virgin Mary and even Jesus Christ. But the church controls them. Most of the nearly 178,000 hectares are in Piaui (58,000 hectares), Maranhao (37,000 hectares) and Amazonas (31,000 hectares).

The Catholic Church or religious and lay organizations operating in Brazil received from abroad this year a little more than 1 billion cruzeiros (more precisely, 1,143,243,506.16 cruzeiros), earmarked for the following religious and lay organizations: Para Society for Defense of Human Rights, National Labor Front (FNT), Anchieta Operation, Dom Pedro Casaldaliga, Dom Henrique Froehlich, Native Missionary Council (CIMI), Pastoral Land Commission (CPT), Dom Jose Maria Pires, CEDI [Ecumenical Center of Documents and Information], Dom Paulo Evarista Arns, Parana Commission for Justice and Peace, Dom Tomas Balduino, ACO/Nova Iguacu, Dom Candido Padim, Domenico Corcione (University Pastorate of Recife), Dom Fernando Gomes, Reverend James Wight, Evangelical Church of the Lutheran Confession of Brazil, CEAS [Center for Social Action and Research], Dom Helder Camara, CERIS [Religious Statistics and Social Research Center], Sao Paulo Commission for Justice and Peace, CEBRAP [Brazilian Analysis and Planning Center] of Sao Paulo, Conference of Religious Orders of Brazil, Archdiocese of Fortaleza, FASE and Dom Antonio Batista Fragoso.

The entities responsible for the donations were: Adveniat Misereor, Zentralsstelle fur Entwicklungshilfe E.V., Erzbistum Koln, Kirche in Not, Missionszentrale der Franziskaner, Brot fur Welt, Mission Internationales Katholisches, Missacor, Die General Priorin der Dominikang Rinnen, Volksbank (all of Germany); Movimiento Mundial de Trabajadores Cristianos, Entraide et Fraternite, Acec (Belgium); Development et Paix and Letter Carriers Union of Canada (Canada); Comit e Catholique contra la Faim et Pour le Developpement, Secretariat de L'Echange, Ouvre Pontificales Missionnaires, Observateur, Cefal (France); Icco, Cebemo, Novib, Mensen in Nood, Miva, Adviescomissie Missionaire Aktiviteiten, Bisschoppelijke Vastenaktiviteiten

Nederlan, Accion Ecumenica de Solidariedad con la America Latina, Terre des Hommes, Memisa, Padre Lamberto de Groot, Central Missie Commissariaat, Erzbis Chofli Generalvikariat, Congregatie van Dezusters van Liedfde (Netherlands); Oxfam (Great Britain); Congratio Sacerdotum a Sacro Corde Jesus (Italia); World Council of Churches, Accion Caresmal de los Catolicos en Suiza, Lutherischen Weltbun, Lutheran World Federation, FITIM, Fraternite Catholique Internationale des Malades Standicapes (Switzerland); Oficina de Asesoramiento y Administracion de los Proyectos Ecumenicos Latino-Americanos and Oscar Bolioli (United States).

The religious and lay organizations appear to know how to administer this money well, as shown by a report of the Pastoral Land Commission in Goiania about investment of funds in two projects--one, numbered 233-0/83-C, of Bischofliches Hilfswerk E.V. and the other coded BRE/80-B/477G, of Organisation Catholique Canadienne pour le Developpement et la Paix.

The first part of the report--which accounts for funds in German marks equivalent to 7,430,837.70 cruzeiros--deals with investment "of specific funds of this project and sent to the national CPT during the period." The second part "refers to the general budget of regional offices during the year 1980, the participation in them and expenditures made."

The financial report is made like that of any business firm, with receipt and disbursement of funds invested in the 20 regional offices of the CPT "throughout almost all the territory of Brazil." The report explains that part of the money was used for "Catholic action in the rural area," national meetings, domestic travel, etc. At the end of the report, signed by Daniel Rech, responsible for the projects, appears the following statement:

"We hope the data presented are understood only as one aspect and an indication of the greater struggle that is being waged for complete liberation of the people of God, poor, exploited and oppressed, not only in Brazil but in all Latin America and so many parts of the world. And, finally, that this report reveal our limitations, the importance of having friends in this work on behalf of the peasants and how much is expected of us in this effort to achieve a better, fraternal, just world completely in compliance with the words of Jesus Christ."

The Pastoral Land Commission (CPT), headed by the bishop of Acre and Purus, Dom Moacir Grechi, is the official agent of the CNBB dealing with rural problems and which, according to security agencies, "has been very active nationwide. Its activities are eminently political and class struggle is implicit in its preaching."

"In the last 3 years," asserts a government report, "this entity received about 30 million cruzeiros from abroad. It is involved in almost all land disputes in the nation. It supports and is supported by the opposition farmworkers union." Moreover: "some regional agencies of the CPT suggest resistance and use of force as a way to solve problems of farmworkers. The CPT adopts a typically Marxist approach in exploiting agrarian problems. It includes prominent figures of the Catholic hierarchy, priests, religious orders and laymen."

Participation in Conflicts

At present the concerns of government agencies responsible for agrarian problems are centered on the region of southern Para and northern Goias. Most of the reports being analyzed by the government emphasize that conflicts over land are more serious in this region, with more participation by priests, bishops and laymen as well as agitators in "raising the consciousness" of many land squatters and homesteaders, who are constantly in conflict with land-grabbers and large or medium-sized farmers, some of whom have also been sentenced by local deputies of the federal police for their extreme and independent action. The federal police themselves admit that some farmers would rather hire professional gunmen than go to court to solve disputes.

In the area of Maraba, security forces name several priests and laymen as agitators. They say that some of them sell or distribute without charge bulletins and RESISTENCIA newspapers published by the Para Society for Defense of Human Rights and TRIBUNA DA LUTA OPERARIA, unofficial mouthpiece of the Communist Party of Brazil (PCdoB), which from 1969 to 1974 developed in the same region a frustrated project for rural guerrilla warfare.

"The region of Lower Araguaia, where the city of Sao Geraldo is located," asserts one report, "is considered the most critical point because of the intense work developed by Fathers Aristides Camio, Francois Jean Marie Gouriou and the lawyer Paulo Cesar Fonteles de Lima, who planned the armed actions carried out by the squatters and chose the leaders of the communities, known as 'commandants of squatter battalions.'"

Fathers Camio and Gouriou are in jail, accused of inciting homesteaders and squatters to violence but before that, according to security agencies, they divided the region "into 13 areas, each one with its leader (commandant)." Besides these two priests, the police mention other priests and laymen as responsible for agitation, as well as labor leaders, among whom is the missionary Nicola Arpone, whose activity extends to Goias in the so-called "Parrot's Beak," with "political guidance from the Popular Front of the 8 October Revolutionary Movement (MR-8)."

In his testimony to federal police, squatter Joao Matias--leader of the group that is being held responsible for ambushing GETAT officials and employees of a farm last August--several times accused Fathers Camio and Gouriou of being the brains behind violent actions such as these. Security agencies also report that "Joao Matias collaborated with the armed forces during development of an operation in the area of Sao Geraldo during 1972-73" (one of the phases of the offensive by official forces against PCdoB guerrilla forces).

The reports by security agents that make accusations about priests and laymen are based not only on reports sent periodically to various intelligence departments by agents infiltrated into squatter groups and even among priests and pastoral agents, but also on the publications that are distributed openly in the region. In one of them, entitled "Achieving What Is Ours" and published by the Center-South Pastoral Land Commission (Goias) last May, the authors include a kind of "popularized" and "accessible" version of "Das Kapital" by Marx.

The mimeographed booklet concludes that there are "two classes" in Brazilian society, the "exploiters" and the "exploited," and in the "social pyramid" there are 5 percent rich, 15 percent "middleclass" and 80 percent "poor," who are the "exploited." The "rich," continues the pamphlet, "form a class that is called bourgeois, an old name of foreign origin," and are also known as the "dominant class."

Moreover, the bulletin asserts, the "bosses" are "the exploiters, the oppressors, the dominators, and so forth, all of those that advocate capitalism." The "poor," according to the pamphlet, are "the working class," also called the "proletarian class," made up of "all those who sacrifice their health and sweat for a boss, in exchange for a wage--as do blue-color workers--or receiving a smaller portion of production, as in the case of sharecroppers."

Without the workers, the publication concludes, "no rich person would survive." Despite this, "the workers make cars and walk on foot; they produce food and their children are weak from hunger," while "sharecroppers are evicted from their land (as the land belongs to the tiller) to make room for the boss' cattle."

The pamphlet then explains in simple language and with easily understood metaphoric examples how they are "exploited" and "robbed" by the bosses. After also explaining what is ideology and how "systems of domination" arise and are consolidated in a given society, it explains how the "exploited" can resist such a situation, fighting for their rights and reversing the "domination."

The Goias CPT also asserts that in 1964 "began a time of military dictatorship that lasts until today" and that since then "very many workers and persons who struggled in support of freedom were imprisoned, killed or exiled." It then discusses each of the political parties created in 1966 (ARENA [National Renewal Alliance] and MDB [Brazilian Democratic Movement]), outlines a brief profile of existing parties and concludes that of these only one--the Workers Party (PT)--"was not created by or foreseen by the government." After rejecting most of the parties as "bourgeois," the publication makes a detailed analysis of the PMDB [Brazilian Democratic Mobilization Party] and the PT, because "these two are attracting most attention from workers in this part of the country."

Other bulletins and pamphlets--seized or simply picked up almost everywhere in the nation, and not only in Araguaia--listed land disputes in several places, attributing them to the "greed" of the "exploiters." The "exploited" are advised to resist such a situation, even invading urban and rural lands, always recalling that the struggle for land is present throughout the Bible and that in this battle the squatters will always be able to rely on the aid of the church and of Christ Himself.

Profile of Priesthood

What is the situation of the clergy in Brazil today? According to the records of the National Conference of Brazilian Bishops (CNBB), there are 12,641 clergymen in the country, of which 5,007 (or 39.61 percent) are foreigners and 7,622 (60.29 percent) are Brazilian. Recently (between May and September of last year) the National Clergy Commission (CNC) sent out 12,000 questionnaires to nearly all Brazilian priests to outline their profile. They returned 4,104 questionnaires, tabulation of which revealed the following conditions:

A little over 50 percent of the priests responding are more than 50 years old. There are a few very old ones, and even fewer very young ones, from which the researchers conclude that "the younger population will never be able to replace numerically that which precedes it, that of more mature years, even bearing in mind the disparity of age groups." Nearly 40 percent of the clergymen surveyed have already been in the priesthood for 25 years. And 73.2 percent of them work in parishes, some of them--17.8 percent--feeling "uneasy" about their future economic situation, as only clergy belonging to religious orders and congregations, and not to dioceses, can look forward to practically certain economic assistance in their later years. Economic conditions of the "religious order" clergy are quite distinct from those of the "diocesan" clergy: whereas only 8.9 percent of the "religious" consider the assurances for their future "insufficient," 40.3 percent of the diocesans have that pessimistic opinion.

Regarding relations with their bishops, 25.8 percent of those surveyed replied that they "have some problems," although only 4.5 percent said they were "difficult." But what was most surprising in this survey was that opinions about the faithfulness of the church to the Gospel show a "marked diversity of opinion," especially when considering age groups. Most of the priests do not consider the testimony of the church completely faithful to the Gospel and a significant percentage of priests under the age of 50 think the church must change to be more faithful to the Gospel, as shown in the table below:

<u>Age Group</u>	<u>Church is Faithful</u>	<u>Is Partially Faithful</u>	<u>Church Must Change</u>
34 years or less	17.6%	49.2%	32.0%
35 to 49 years	19.0%	46.3%	32.7%
50 to 64 years	31.9%	44.4%	16.3%
65 and over	42.2%	35.5%	14.1%
Total	26.9%	44.3%	24.1%

In analyzing the survey findings, those responsible for it call attention to this last revelation, which shows the clergy are "committed to their pastoral work but are also critical in relation to the activity of the church." The researchers also concluded that "it may be said that today the church in Brazil reached a high degree of unity in general, although it should further improve its instruments of internal solidarity at the level of the individual church."

They also discovered that rapport between priests and laymen is very good: "In general," says the report, the priests feel better accepted by the laymen with whom they work than by their colleagues and superiors." Finally, however, there is an optimistic conclusion: "Everything indicates that after 10 years of post-council rejuvenation--with emergence of the 'crisis of the clergy'--priests are again finding their place in the church, their identity, their role. (...) They no longer consider themselves a clergy in crisis but rather a clergy that has found its way and that relies upon the bishops to forge ahead."

CONGRESS APPROVES BILL ON RONDONIA STATE

PY170056 Brasilia Domestic Service in Portuguese 2200 GMT 16 Dec 81

[Text] In response to the call by the executive branch for a special session, the National Congress today approved the bill submitted by President Figueiredo by which the territory of Rondonia is turned into a state. At 1740 today in the Chamber of Deputies, the Social Democratic Party [PDS] approved the proposal to turn the federal territory of Rondonia into a state. The government party approved the bill presented by the executive branch by a vote of 216 to 0 with 5 abstentions; 214 votes were cast by the PDS and two by the Brazilian Labor Party [PTB].

Rondonia territory Governor Jorge Teixeira reported immediately after the approval that his first initiative upon returning to his new state will be to call the local politicians to a political meeting to organize the political cadres to try to elect three senators, six federal deputies, 14 state deputies, nine mayors and 93 councilmen in the 1982 elections.

Governor Teixeira added that he does not yet have names for the designations and that only now, after the approval of the bill, will he begin to prepare the names for different designations. He also stated that he is for the designation of the next governor by the president of the republic, and added that this is necessary for the continuity of the development program initiated during his administration.

Asked whether he would be a candidate for governor if not designated by the president of the republic to continue governing until 1986, he answered that he would: because I have been in the Amazon 16 years, and I know all the problems of the region. He indicated, however, that the decision to continue in his post will depend exclusively on President Figueiredo.

CSO: 3001/52

GOVERNMENT EXPENDITURES TOTAL 35.9 PERCENT OF GDP

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Dec 81 p 60

[Text] Brasilia--Deficits caused by government expenditures in the last 3 years, resulting essentially from large expenditures by state enterprises (71.62 percent of federal expenditures last year) and by monetary authorities (subsidies), are of such magnitude that they can be compared only with the situation of the Argentine economy in 1975-76 and the Chilean economy in 1973-74. In 1980, for instance, such expenditures reached about 35.9 percent of Gross Domestic Product [GDP], and if to this total is added the expenditures of state governments (about 9 to 10 percent of GDP), total government expenditures would rise to about 46 percent of GDP.

That is the finding of Prof Carlos von Doellinger, economist for the Economic and Social Research Institute, agency of the Planning Secretariat of the Presidency of the Republic, in a study titled "Nationalization, Public Finances and Their Implications." The study, which will be published soon in the "Economic Research" collection funded by the Office for Economic and Social Studies and Discussion (CEDES), shows that "half the tax burden of Brazilian society in 1980 was used to bolster coverage of expenditures resulting from the state's increased presence in the economy, especially transfers of revenues to state enterprises.

"The intricate interdependence of fiscal, monetary and public-enterprise accounts reaches the point of confusing and obscuring basic concepts of financial administration in our country. We have several federal budgets: That of the federal government itself, which in the past indicated with reasonable precision the financial situation of the government and today includes less than 15 percent of its actual expenditures; expenditures charged to the monetary budget grew in importance. The debt account and especially the debts of the state enterprises which could not have been shown in consolidated form until 1979."

At the root of all the problem's complexity he finds the "inordinate" growth of the state in the economy through its enterprises, with the interrelation of its accounts with those of the federal government. In 1980, 10 percent of all funds the state enterprises used to finance their expenditures were transfers from the Treasury.

"Funds obtained through borrowing, especially abroad, are also enormous," the study says. "In fact, they greatly exceed the funds obtained from the Treasury, so that the foreign debt of such enterprises now represents over two-thirds of the nation's total indebtedness. In relation to expenditures, their total was almost 150 percent

of those included in the budget of the federal government. And subtracting from federal expenditures the funds transferred to other budgets, it will be seen that consolidated expenditures of the state enterprises were nearly five times the total expenditures for maintaining the federal administrative machinery. In the light of these figures, and from an exclusively financial point of view, the entrepreneurial activity of the state seems considerably more significant than would compliance with its essential functions in a capitalist economy."

The table below shows a summary of the accounts of state enterprises, with data published by the Secretariat for Control of State Enterprises [SEST] of SEPLAN [Planning Secretariat]. The lower part of the table shows the operating results of the enterprises; that is, the difference between their own funds (operating revenue) and total expenditures. This difference is covered by transfers from the Treasury and by borrowing, as itemized in the list of funds (Part I of the table).

Doellinger advocates consolidating the federal-government, monetary and state-enterprise budgets, as he contends that the last of these is what increases the deficit of the consolidated budget, the only one actually debated and approved by the National Congress. "The current situation of public finances in our country reflects, to a great extent, the increased participation by the state in the economy during recent decades, the dominant characteristic of which has been the pronounced growth of the entrepreneurial state. The proliferation of public enterprises extends from replacing traditional functions of direct administration (providing basic municipal services, for instance) to activities hardly imaginable as responsibilities of the state in a market economy."

The economist calls attention to the state's presence through various sorts of indirect interference in markets, in setting prices and allocating private resources. "Control of prices and rates, ceiling prices, control over exchange rates and interest rates, fiscal controls and a multiplicity of so-called regulatory interventions" have historically contributed to investment losses by private enterprise in various sectors of the economy, greatly depressing the economy.

Control of rates for public services, for instance, is blamed by Doellinger for depleting private capital to such an extent that when the concessionary period ends the [concessionaire's] bankrupt estate is returned to the state with relief. He mentions as a more serious result of the exponential growth of the state's entrepreneurial presence the lack of control this leads to in government spending.

After citing transfers to the monetary budget as being almost as much to blame as expenditures by state enterprises for the deficit in Treasury accounts, Doellinger asserts that three large groups--ELETROBRAS [Brazilian Electric Power Companies, Inc], SIDERBRAS [Brazilian Iron and Steel Corporation] and SINPAS--accounted for almost 38 percent of the deficit in 1980. As the table below shows, adding in other large enterprises such as DNER [National Highway Department], TELEBRAS [Brazilian Telecommunications, Inc], RFFSA [Federal Railway Network, Inc], Itaipu, SUNAMAM [National Merchant Marine Superintendency], COBAL [Brazilian Foods Company] and PORTOBRAS [Brazilian Ports Enterprise] would account for 68.7 percent of the deficit.

Besides the financial aspect and the lack of control over the state-enterprise deficit's impact on national accounts, Carlos von Doellinger reveals another important

(1)
ORÇAMENTO DAS EMPRESAS ESTATAIS (1)
— FLUXOS ANUAIS —

Discriminação (3)	(4)	1979	1980	(2) Cr\$ milhões
I. Recursos	(5)		1.481.188	
1. Recultas operacionais	(6)	1.022.784	1.368.900	
2. Outras receitas próprias	(7)	33.453	741.800	
3. Tesouro Nacional	(8)	135.220	299.000	
4. Operações de crédito	(9)	289.731	441.300	
4.1. Internas	(10)	161.127	209.500	
4.2. Externas	(11)	128.604	231.800	
5. Outros	(12)		135.500	
II. Dispendios	(13)		1.481.188	2.986.500
1. Pessoal e encargos sociais	(14)	191.441	348.800	
2. Encargos financeiros	(15)	88.189	147.200	
3. Outros custeios	(16)	671.904	1.593.200	
4. Investimentos	(17)	381.592	557.700	
5. Amortizações	(18)	83.343	133.800	
6. Outros	(19)	84.719	212.100	
7. Variação do disponível	(20)		6.300	

RESULTADO OPERACIONAL DAS EMPRESAS (20)

	(21)	1979	1980
I. Recursos (excluídas transferências do Tesouro e operações de crédito)	(22)	1.056.237	2.246.200
II. Dispendios (excluídas amortizações)	(23)	1.397.845	2.852.700
III. Déficit (I) - (II)	(24)	341.608	- 606.500
Fonte: "Empresas estatais no Brasil e o controle da Sest", Sest/Seplan, Brasília, abril de 1981	(25)		
Notas (1) Excluídos bancos	(26)		
(2) O sinal negativo indica excesso de financiamento para fechar a conta de resultado, previsto pela Sest.			

Budget (Annual Flows) and Operating Results of State Enterprises

Key:

- | | |
|---|--|
| 1. Budget of State Enterprises (Annual Flows) | 12. Expenditures |
| 2. Millions of Cruzeiros | 13. Payroll and fringe benefits |
| 3. Description | 14. Financial charges |
| 4. Funds | 15. Other operating costs |
| 5. Operating revenue | 16. Investments |
| 6. Other earned income | 17. Amortization |
| 7. National Treasury | 18. Other |
| 8. Borrowed funds | 19. Change in working capital |
| 9. Domestic | 20. Operating Result of State Enterprises |
| 10. Foreign | 21. Funds (except for transfers from Treasury and borrowing) |
| 11. Other | 22. Expenditures (except amortization) |
| | 23. Deficit (I minus II) |
24. Source: "State Enterprises in Brazil and the Control of the SEST," SEST/SEPLAN, Brasília, April 1981
25. Notes: (1) Except banks
26. (2) The negative sign indicates excess financing to close the profit-and-loss account, as forecast by SEST.

**DÉFICIT OPERACIONAL(1) E SEU FINANCIAMENTO
EM Cr\$ BILHÕES**

(1)

FINANCIAMENTO DO DÉFICIT

(6)

(2) EMPRESAS(2)	(3) DÉFICIT OPERACIONAL	(4) TESOURO	(5) OPERAÇÕES DE CRÉDITO	(6) OUTROS RECURSOS(3)
	%	%	%	%
Eletrobrás	187,1	16,2	16,4	1,4
Siderbrás	131,3	11,4	14,7	1,3
Sinpas	116,0	10,1	36,8	3,2
RFFSA	77,2	6,7	45,1	3,9
DNER	71,7	6,2	37,8	3,3
Telebrás	70,0	6,1	13,2	1,1
Itaipu	57,3	5,6	---	---
Sunaman	37,1	3,2	3,3	0,3
Cobal	22,6	2,0	1,3	0,1
Portobrás	20,6	1,8	14,9	1,3
Acesita	19,7	1,7	0,7	0,1
Nuclebrás	12,1	1,0	5,0	0,4
Petrobrás	11,3	1,0	1,9	0,2
ECT (7)	10,9	0,9	0,1	0,0
CVRD (8)	8,3	0,7	---	---
Lloydbrás (9)	1,8	0,2	---	---
Outras	---	---	---	---
Empresas (10)	297,6	25,8	189,0	16,4
Total(4)	1.152,6	100,00	380,2	33,0
			69,5	6,0
			558,9	48,5
				39,1
				213,5
				18,5

Fonte: dados básicos Sest-Seplan (11)

Notas: (1) dispêndio global menos recursos próprios; (2) englobam as subsidiárias; (3) inclui variação do disponível.

(4) inclui amortizações. Valor não comparável com os constantes dos quadros anteriores.

(12)

Operating Deficit(1) and Its Financing (in Billions of Cruzeiros) [1980?]

Key:

- | | |
|---------------------------------|--|
| 1. Financing of Deficit | 11. Source: Basic SEST/SEPLAN data |
| 2. Enterprises | 12. Notes: |
| 3. Operating Deficit | (1) Total expenditures minus internally generated funds |
| 4. Treasury | (2) Including subsidiaries |
| 5. Borrowed Funds | (3) Includes change in working capital |
| 6. Other Funds | (4) Includes amortizations. Value not comparable with those of preceding tables. |
| 7. Postal and Telegraph Company | [Expansions of other acronyms appear in text] |
| 8. Rio Doce Valley Company | |
| 9. Lloyd Brasileiro | |
| 10. Other enterprises | |

facet of growing nationalization: "The cost of interference by the entrepreneurial state is not given only through lack of financial control, by inflation and by inefficiency of the state apparatus. It is also, and above all, given by what is sacrificed in terms of functions that are really state responsibilities: investments that are not made in improving the quality of people's lives, insufficient research in agriculture, lack of public safety due to insufficient funds for police work, expensive and slow courts of justice accessible only to the wealthy, inefficiency of the state's administrative machinery, the waste and at the same time lack of funds for Social Security."

DÉFICIT OPERACIONAL (1) E SEU FINANCIAMENTO — 1981
EM Cr\$ BILHÕES

(2)		(3)		(4)		(5)		(6)	
EMPRESAS(2)		DÉFICIT OPERACIONAL		TESOURO		OPERAÇÕES DE CRÉDITO		OUTROS RECURSOS (3)	
			%		%		%		%
Siderbrás		237,8	13,1	24,9	1,4	212,6	11,7	0,3	0,0
Eletrobrás		226,1	12,4	28,2	1,6	120,3	6,6	77,6	4,3
Sinpas		147,9	8,1	59,3	3,3	—	—	88,6	4,9
Telebrás		143,3	7,9	29,9	1,6	29,6	1,6	83,8	4,6
RFFSA		139,6	7,7	75,9	4,2	60,7	3,3	3,0	0,2
Itaipu		119,7	6,6	—	—	119,0	6,5	0,7	0,0
Nuclebrás		93,0	5,1	36,2	2,0	56,8	3,1	0	—
DNER		89,2	4,9	58,5	3,2	23,0	1,3	7,7	0,4
Cobal		44,1	2,4	0,8	0,0	—	—	43,3	2,4
Sunaman		39,9	2,2	15,5	0,9	24,4	1,3	0	—
Petrobrás		39,6	2,2	2,8	0,2	51,9	2,9	-15,1	-0,8
CVRD (8)		31,7	1,7	2,7	0,1	28,9	1,6	0,1	0,0
Acesita		24,4	1,3	1,4	0,1	23,0	1,3	0	—
Portobrás		22,3	1,2	19,0	1,0	4,9	0,3	-1,6	-0,1
ECT (7)		18,1	1,0	0,4	0,0	—	—	17,7	1,0
Lloydbrás (9)		5,6	0,3	—	—	4,3	0,2	1,3	0,1
Outras empresas(10)		396,0	21,8	290,8	16,0	61,3	3,4	43,9	2,4
Total(4)		1.818,3	100,00	646,3	35,5	820,7	45,1	351,3	19,3

Fonte: dados básicos, Sest/Seplan (11)

Notas: (1) Dispêndio global menos recursos próprios; (2) englobam as subsidiárias; (3) inclui variação do disponível; (4) inclui amortizações. Valor não comparável com os constantes dos quadros anteriores. (12)

Operating Deficit and Its Financing in 1981 (in Billions of Cruzeiros)

Key: Same as for table on preceding page

8834

CSO: 3001/50

PP, PMDB CONVENTIONS VOTE FOR PARTY MERGER

PY220042 Sao Paulo FOLHA DE SAO PAULO in Portuguese 21 Dec 81 p 1

[Text] By a majority of votes the Popular Party [PP] and the Brazilian Democratic Mobilization Party [PMDB] decided yesterday, in their respective national conventions which took place in Brasilia, to incorporate the PP into the PMDB. A new PMDB national convention, in the first half of January, this time with the participation of PP members, will effect the merger of the two parties. As a result, the PP will be dissolved through a note to the electoral court.

In the PP convention the measure passed by a vote of 162 to 96. In the PMDB convention the incorporation was approved by a vote of 331 to 41.

With the objective of evaluating the new political picture after the merger of the two parties, President Figueiredo will meet today with Civilian Household Chief Joao Leitao de Abreu, Military Household Chief Danilo Venturini and Chief of the National Intelligence Service Gen Otavio Medeiros. Told of the decision of the PP and the PMDB, Figueiredo yesterday did not authorize an official government statement regarding the matter. The official reaction will probably be made known by a Planalto spokesman after today's meeting.

Also starting today PP and PMDB members will begin meetings in their respective states, explaining the decision so that PMDB regional boards, which will have to be opened to PP leaders, can be rearranged.

Yesterday's PP convention showed, along with the expected opposition to the party merger, a division in the Minas Gerais delegation. Senator Tancredo Neves, the president of the party, voted in favor of the merger and Magalhaes Pinto, the honorary president, voted against it. As soon as Tancredo Neves launched the call for the vote Deputy Tales Ramalho, the leader of the party in the Chamber of Deputies, made an unexpected vote declaration. With three votes as leader of the Minas Gerais state delegation, party board member and federal deputy, Ramalho announced that as delegation leader he would abstain, but as board member and federal deputy he would vote against the merger, "against the extinction of my party."

In the PMDB convention, those against the merger were the delegates from the state of Rio de Janeiro and some members of the Paraiba delegation. Rio Deputies Valter Silva and Paulo Ratts reiterated that they could not agree to coexistence within the same party with members of Rio Governor Chagas Freitas' group.

CSO: 3001/52

FIGUEIREDO ADDRESS TO DIPLOMATIC CORPS, MILITARY OFFICERS

Reviews 1981 Achievements

PY160137 Brasilia Domestic Service in Portuguese 2200 GMT 15 Dec 81

[Excerpts] Accompanied by Foreign Minister Saraiva Guerreiro, Civil Household Chief Leitao de Abreu, and Military Household Chief Gen Danilo Venturini, President Joao Baptista de Oliveira Figueiredo today received at Planalto Palace the greetings of the diplomatic corps on the occasion of Christmas and new year celebrations.

Apostolic Nuncio Dom Carmine Rocco, in his role as doyen of the diplomatic corps, greeted the president, in the name of his colleagues, heads of the diplomatic missions accredited to Brazil and in his own.

President Figueiredo then thanked them and stated that this meeting was taking place at the end of another period of work marked by the experience of what could be achieved, and the prediction of what is intended to be built next year. At this moment of meditation and hope, our spirits hope for feelings of peace and brotherhood among persons and nations. The president stated:

[Begin Figueiredo recording] The year 1981 has marked a new stage in the development of arts and sciences with the discovery, incorporation and materialization of new scientific sources. But we cannot say the same thing about peace among peoples. The efforts of a large part of the world during the past few decades are turned to the increase of the destructive capacity. The perplexity resulting from this cannot be separated from modern man. This perplexity, however, finds relief and hope: the spiritual attitude of preserving hope in a peaceful future must be our common objective.

Although at the international level there are no relevant events in terms of general development and social justice, the formation of a growing international awareness toward the progress of national communities and of individuals is undeniable.

The principles of self-determination, of sovereignty of all nations, and of non-interference of some in the domestic affairs of others must be the basis for a relationship which would be faithful to the most noble ideals of the international community. Brazil sees in the pursuit of development and the expansion of individual opportunities, the path to peace and harmony.

The efforts made in this regard have been intense and the support received from the different sectors of Brazilian society are proof that it is attainable.

In the international sector, Brazil advocates international practices based on cooperation and mutual respect which allows the achievement of justice. We believe in the success of this path which totally responds to the higher aspirations of mankind. [End recording]

President Figueiredo concluded: These are the feelings which I ask you to convey to your respective governments. I also want to extend, at this moment, my sincere desire for personal happiness. I also want to express hope that in 1982 we will be able to work successfully for the achievement of our ideals of peace, development and social justice.

Promises Democracy

PY180011 Porto Alegre Radio Guaiba in Portuguese 2150 GMT 17 Dec 81

[Text] At lunch with officers of the three branches, President Figueiredo today stated that the government political package has not been prepared or conducted out of fear but out of a sound decision which is in keeping with the 1964 revolution.

President Figueiredo repeated his promise to turn Brazil into a democracy, and cited three examples of victories already achieved, voicing complaints in each of the three. Regarding amnesty, he said that many of those who had been granted amnesty are trying to make of the future an unacceptable repetition of the past.

Regarding the government political proposal, he complained that opposition members are engaged in denying the democratic principle which had inspired its creation.

Finally, on referring to freedom of press, President Figueiredo stated that the press has not always been just in its criticisms.

CSO: 3001/52

GOVERNMENT TO STUDY ELECTORAL 'PACKAGE'

PY212019 Sao Paulo FOLHA DE SAO PAULO in Portuguese 20 Dec 81 p 5

[Report by Thomaz Coelho]

[Excerpts] Brasilia--After pondering about the real impact of the changes to be made through the electoral "package" and considering the concerns it elicited within the ruling party, the government decided to study the subject to determine which changes could be made to the "package" without benefiting its main target: the Brazilian Democratic Mobilization Party [PMDB].

The first step of the strategy was to postpone the study of the political reform until January since the two major opposition parties--the PMDB and the Popular Party [PP]--had called their national conventions to decide the PP's incorporation into the PMDB. Now, if the PP is incorporated into PMDB, the scheme set up by the government--that is, to reach a compromise with the PP in the future to maintain a comfortable majority both in the national congress and in the electoral college which would elect President Figueiredo's successor--would collapse.

Apart from this flaw observed in Planalto's calculations, the proposal also elicited great, intense reactions from the Social Democratic Party [PDS] bloc in the Chamber of Deputies. While the "package" makes it possible for the PDS candidates to gain gubernatorial seats, it will make it possible for the opposition bloc to gain more seats in the Chamber of Deputies, the legislative assemblies and city councils.

The study of the subject and decisions on possible changes will be made known only after Christmas. The sponsor of the bill is Deputy Ernani Satiro, who is known in Brasilia for his strict obedience to the government. He will give his opinion on the case and, if appropriate, will present an amended proposal.

CSO: 3001/52

CDI SELECTS 10 SECTORS FOR PROMOTING ECONOMIC RECOVERY

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Nov 81 p 57

[Text] Brasilia--A proposal by the Industrial Development Council (CDI) submitted to the president of the republic by Industry and Commerce Minister Joao Camilo Penna selected 10 sectors for reviving the economy, with medium and long-term planning for 2 of them--paper and cellulose and agricultural inputs--and short-term recovery for the other 8.

The CDI made a thorough analysis of the selected sectors, not only as of now but also in recent years, and proposes a series of recovery measures that includes providing credit for needed investment and financing for marketing production.

Paper and Cellulose

According to the CDI evaluation, the paper and cellulose sector is very competitive in the international market so that it can thus generate additional funds from exporting and can easily do without petroleum derivatives, especially fuel oil, by using wood as an energy source.

The CDI recommends that during the course of the Second National Plan for Paper and Cellulose the Paper and Cellulose Executive Commission of the Industry and Commerce Ministry be expanded so it can have the advice of representatives from public and private entities. This commission's work should be directed toward formulating policy for the sector and eliminating restraints on implementing the Second Plan.

The commission's studies should include a quantification of the need for paper and cellulose; improvement of forestry and industrial productivity; suggestions for increasing levels of recycling paper; assistance for the domestic capital-goods industry so it can meet the sector's modernization and expansion needs; development of domestic technology more appropriate to domestic availability of raw materials, energy and inputs; export expansion; and improvement of the companies' capital structures by means of greater return on the industry's investment.

Agricultural Inputs

In the case of agricultural inputs the CDI explains that there was a significant increase of supplies during the 1976-81 period as a result of the First National Fertilizer Program (1975-80) and analyzes the situation of raw materials and intermediate goods used in making fertilizer.

This year 724,000 tons of ammonia will be produced for a demand of 875,000 tons, while domestic production of phosphate rock will supply 70 percent of consumption, estimated at 1,378,000 tons. There is no possibility of domestic supplies of potassium salts for the present and production of 60,000 tons estimated for 1983, when a project now under construction enters production, represents 4 percent of estimated demand. Sulfur consumption is estimated at 1,240,000 tons, of which only 19 percent is supplied by domestic production.

The CDI reports that fertilizer consumption of 7.4 million tons is forecast for 1986 and foreign dependence in the subsector of raw materials and intermediate goods indicates a need to figure out how to supply domestic demand and avoid greater imports. The CDI prepared a basic proposal for the Second National Fertilizer Program and recommends that this program give priority to facilities for nitrogenous and phosphate fertilizer, ammonia and urea, phosphoric acid, sulfuric acid, expanded production of potassium salts in the Petromisa unit, new units for phosphate rock and expansion of existing facilities.

Auto Parts

The CDI asserts that recovery of the auto parts sector depends essentially on the automobile industry, which does not show good recovery prospects. Among the measures recommended for the sector are the possibility of buying raw materials at international market prices when these materials can be used in goods to be exported; financing for working capital and fixed-asset investment in order to improve exports; and incentive to buy machinery, equipment and apparatus for research, development and quality control, also as a way of serving the foreign market better.

Tractors

The nation's nine factories for wheeled agricultural tractors operated with 45 percent idle capacity in 1980 and their production declined 18.6 percent in the first half of this year, compared with the same period last year. It is estimated that total production for the current period will be about 50,000 units, for an installed capacity of 110,000 units per year.

The difficulties of obtaining financing with which to buy tractors and the price increase, which was 45 percent in the first half of this year, are cited as responsible for the drop in demand. The motorized grain-harvester industry, which has six factories, produced 6,501 units in 1980 and should suffer a decline this year which will not be more serious due to the special selling arrangements made by factories and dealers with their own financing.

Agricultural Machinery

The three manufacturers of sugarcane harvesters produced 44 units through June of this year, compared with 65 in the same 1980 period.

The CDI recommendation for the agricultural machinery sector is to change the rules for financing these machines, through the PROALCOOL [National Alcohol Program], to benefit either gasoline or diesel-powered equipment; release of funds for investment in the industry and participation by FINAME [Fund for the Financing of

Machinery and Equipment] as agent for financing machinery and equipment included in plans for domestic production approved by the CDI.

Locomotives and Railroad Cars

The nation's three locomotive plants have capacity for 330 units per year, but operated with 70.5 percent idle capacity in 1980, while the six freight-car manufacturers, with capacity for 9,000 units a year, worked with over 80 percent idle capacity last year. Production of passenger cars increased 22 percent in the first half of this year compared with 1980 but the sector's average idle capacity is 70 percent for an installed capacity of 800 units per year. To improve the sector's situation, the CDI suggests greater financing for domestic purchase of locomotives, freight cars and passenger coaches, including those for the Federal Railway Network and the Rio de Janeiro and Sao Paulo subway systems.

Shipbuilding Industry

Despite export possibilities and the need to equip or reequip the nation's fleet, some domestic shipyards operate with idle capacity, according to the CDI. The proposal is to exercise greater control over imports, resulting from international agreements, of ships that can be built domestically and to release more funds for SUNAMAM [National Merchant Marine Superintendency] to provide financing for rebuilding the shipyards' order backlog as soon as possible.

Textile Sector

Among the CDI recommendations for this sector are those to create a domestic drawback system by means of which domestic sales of materials that are to become part of exported products can be treated the same as exports and creation of a task force to analyze existing distortions in the system of international shipping rates. Other recommendations advise studying adoption of differentiated freight rates and transfer to freight of export incentives and premiums; greater flexibility in negotiations with East Europe; review of the decision that suspended use of rural credit for buying cotton; and effort to find ways to reduce the firms' working-capital problems.

The situation of the industries of textile machines and attachments indicates a decline of 183 percent [as published; 18.3 percent?] in production and 13.9 percent in employment in the last 12 months and a 40 percent increase of imports in the 1978-80 period. The CDI proposal is to reactivate the sector's plan to increase domestic production, with incentives that even encourage merger of domestic companies, formation of joint ventures or installation of industries with foreign capital that have high technology.

Electrification

Brazil now has about 4 million rural properties and less than 300 [as published] of this total are electrified, despite the subsidized 50-percent rate for rural producers. The CDI recommends that the Ministry of Mines and Energy promote this type of electrification more aggressively, recycling funds to ELETROBRAS [Brazilian Electric Power Companies, Inc] and reactivate the ELETROBRAS Department of Rural

Electrification. The Agriculture Ministry should promote electrification within the Third National Rural Electrification Program for Cooperatives, while the Ministry of Industry and Commerce will make arrangements with the electro-electronics industry to provide standardized rural-electrification products at lower prices without reducing quality.

In regard to small hydroelectric plants, the CDI recommends to the Ministry of Mines and Energy modification of the Water Code and related legislation to extend current legal limits for federal authorization and concession for installing hydroelectric power and authorization for thermoelectric plants for the exclusive use of the self-producer and also simplification of projects involving such plants.

According to the recommendations, the ministry should also establish a financing program, using ELETROBRAS and its concessionaires for technical support to hydroelectric or thermoelectric development by rural self-producers. The Ministry of Industry and Commerce should expand conservation objectives, financing construction of hydroelectric and thermoelectric plants provided the self-producer is a domestic industry and the electric energy is to replace imported energy consumption.

8834

CSO: 3001/50

BRIEFS

GUERREIRO TO VISIT PRC--Zhang Dequn, first PRC ambassador to Brazil was decorated today with the grand cross of the Order of Rio Branco, at a farewell lunch given in his honor by Foreign Minister Saraiva Guerreiro. In his speech, Saraiva Guerreiro confirmed that he will make an official visit to the PRC next year, accepting the invitation by his PRC counterpart Huang Hua. Zhang Dequn has been in Brazil since the establishment of diplomatic relations between Brazil and the PRC in 1974. [Text] [PY180025 Brasilia Domestic Service in Portuguese 2200 GMT 17 Dec 81]

SALARY INCREASE--President Figueiredo will sign a decree today establishing increase in salaries for military officers and for civilian public employees. The military will have three different increases: 15 percent in December; 40 percent in January and 30 percent in May 1982. [Sao Paulo Radio Bandeirantes Network in Portuguese 1000 GMT 12 Dec 81]

CSO: 3001/52

BRIEFS

ROJAS ON POLISH SITUATION--Chilean Foreign Minister Rene Rojas has stated that the Polish situation is jeopardizing world peace. The Chilean foreign minister said: The Polish developments are causing concern to foreign ministries throughout the world, and ours as well. The Chilean chief diplomat said that the Polish affair is looking very complex and reiterated that the problems which that central European country is facing are endangering the peace and tranquillity of the whole world. [Text] [PY160016 Santiago Chile Domestic Service in Spanish 2300 GMT 15 Dec 81]

BUSTOS MESSAGE TO WALESZA--Santiago Chile, 15 Dec (LATIN-REUTER)--Manuel Bustos, president of the National Labor Unions Coordinating Organization [CNS] who is imprisoned, has sent a message from jail to labor leader Lech Walesa expressing solidarity in view of the situation in Poland, labor sources revealed. Bustos was tried last August on charges by the government of falsely assuming workers' representation, along with CNS Secretary Alamiro Guzman, and Walesa had sent him a message of support. The sources said that Bustos' message expressed unrestricted solidarity with the labor and political struggle in Poland as well as repudiation of the government's repression against the leaders and workers of the Solidarity Union. The CNS was accused of being a communist front organization for submitting to President Augusto Pinochet a petition on behalf of the workers, although it is not legally recognized under current labor legislation. Several Chilean labor organizations, most of which are pro-government, have expressed disapproval of the suspension of the independent Solidarity Union by the Polish Communist Government. [Text] [PY161606 Buenos Aires LATIN in Spanish 0402 GMT 16 Dec 81]

NEW FRENCH AMBASSADOR--(Leon Bouvier), French ambassador to Chile, presented his credentials today to President Pinochet during a ceremony held at Government House. [PY191134 Santiago Chile Domestic Service in Spanish 1630 GMT 17 Dec 81]

SOUTH AFRICAN POLICE CHIEF--South African Police Commissioner (Michael Henrihust) is visiting our country at the official invitation of the Chilean Government to reciprocate the visit made to South Africa in October by Carabineros Chief Gen Cesar Mendoza. General (Henrihust) this morning visited President Pinochet at La Moneda Palace. [PY191134 Santiago Chile Domestic Service in Spanish 1630 GMT 16 Dec 81]

GOLD AND CURRENCY RESERVES--Santiago, Chile, 12 Dec (AFP)--The Chilean Central Bank has reported that gold and foreign currency reserves currently amount to

\$3,843,200,000 following a decrease of \$92,400,000 during the month of November. It was reported that in December last year reserves amounted to the equivalent of \$4,073,700,000. [Text] [PY191134 Paris AFP in Spanish 1527 GMT 12 Dec 81]

SAUDI ARABIAN RELATIONS--Chile has established diplomatic relations at the ambassadorial level with Saudi Arabia. Chilean ambassador to the FRG, Vasco Undurraga, has presented his credentials to King Khalid as Chilean concurrent ambassador to Saudi Arabia. [PY162102 Santiago Chile Domestic Service in Spanish 1000 GMT 16 Dec 81]

NAVY APPOINTMENT--Rear Adm John Howard Balaesque took over the post as commander of the Santiago navy base yesterday replacing Rear Adm Sergio Sanchez Luna, who has been appointed head of the Chilean navy mission to Washington. [PY150141 Santiago Chile TERCERA DE LA HORA in Spanish 2 Dec 81 p 8]

1982 BUDGET--Budget Director Martin Costabal reported yesterday that the 1982 fiscal expenditure budget totals \$485,431,000, an 8 percent increase in relation to last year's budget. This is a totally financed increase because the 1981 budget has left a surplus. The 1982 budget is equivalent in general terms to 25 percent of the gross national product. [PY150141 Santiago Chile TERCERA DE LA HORA in Spanish 2 Dec 81 p 4]

CARABINEROS ATTACKED--Three individuals riding in an Opala tax shot at two Carabineros yesterday at noon. The Carabineros were standing guard near La Moneda Palace at 71 Morande St. According to police sources there were no injuries and the matter is being investigated in depth. [Excerpt] [PY190115 Santiago Chile LA TERCERA DE LA HORA in Spanish 8 Dec 81 p 39]

ELECTRICAL SUBSTATION SABOTAGE ATTEMPT--CHILECTRA [Chilean Electric Company, Ltd] security personnel foiled a terrorist attack last night. Four terrorists in a pony taxi with Las Condes licence plate LRC-257 tried to bomb a substation in Cuarto Centenario, 100 meters from Apoquindo. According to LA TERCERA's on the scene reports, company officials, while making their rounds in a van, at 2155, repelled the attackers. Upon becoming aware of a rented car and four people who were trying to scale the substation fence with two ladders, the officials opened fire. Bursts of machinegun fire and bazooka shot, which fortunately missed its target, were the reply. The bazooka shell exploded in the second floor of the house at 68 Cuarto Centenario St. It blew a hole of approximately half a meter in the wall, broke windows and started a fire. [Excerpt] [PY190248 Santiago Chile LA TERCERA DE LA HORA in Spanish 9 Dec 81 p 35]

PIPELINE HIT BY TERRORISTS--Unidentified individuals have tried to blow up the oil pipeline of (Cerro los Pulenes) near Quilpue. The report, released by the police, indicates that the explosion took place about 7 km from Quilpue. The explosive device ruptured one of the valves of the pipeline and about 15,000 liters of oil were spilled. Police and security forces came to the site to carry out an investigation and search for the unidentified individuals. [Text] [PY191841 Santiago Chile Domestic Service in Spanish 1630 GMT 19 Dec 81]

AGITATORS, ACTIVISTS ARRESTED--Santiago police have arrested four agitators and a political activist. At the intersection of (?Agustinas) and Moneda, police arrested National University law student (Jose Jaime Ulloa Uribe), 22 years old, who had posted a sign on Plaza de Armas news stand with slanders against the government and [word indistinct] propaganda of the outlawed Communist Party. At the intersection of (Paula Jara Quemada) and [name indistinct], in the Nunoa district, police arrested National University English student (Joaquin Vidal Mora), 22; and National University sociology student (Sandra Eliana Herrera Alzaia), 22, who set fire to sawdust and oil they threw on the street across (Yanez) Plaza. Moreover, they threw tire bursters across the entire sector. (Vidal Mora) tried to attack Carabineros and, as a result, was wounded in the thigh. At the intersection of (Irrazabal) Avenue and (Diagonal Oriente), police arrested Santiago University engineering student (Sergio Alejandro Calderon Espinoza), 26 years old, who was also involved in the same incident occurring at the (Yanez) Plaza. [Text] [PY172050 Santiago Chile Domestic Service in Spanish 1630 GMT 17 Dec 81]

CHRISTIAN LEFT LEADERS DETAINED--Paris, 4 Dec (AFP)--The Chilean Christian Left (IC) representation abroad reported here today the detention of eight top IC leaders and has termed the action as part of a new repression campaign launched by Pinochet's dictatorship. The arrested leaders are: Alicia Sanhueza Padilla, Fernando Martinez, Jorge Andrade, Francisco Araya Monje, Cristian Alberto Biron, Jorge Osorio, Jorge Leiva Cabanillas and Raul Reyes who, according to the IC communique, belong to Christian communities. Jorge Osorio has been national president of the Christian Democratic Youth and Santiago councillor. [Text] [PY161922 Paris AFP in Spanish 0330 GMT 5 Dec 81]

SOCIALISTS ARRESTED--Members of the security services have broken up cells of the proscribed Socialist Party, PS, in Antofagasta. The security services arrested 12 subversives during operations carried out from 2 to 13 December. Documents of a subversive nature, false identification cards and other items used by activists were also seized. The arrested are: (Fernando Nelson Jara Montano), 27 years of age, single, truck loader; (Victor Manuel Jara Montano), 32, single, truck loader; (Luis Alejandro Araya Ramos), 22, married, university student; (Galvarino Eduardo Santibanez Vivo), 22, single, university student; (Nelson Salvador Alvarado Cordero), 27, married, university student; (Patricio Alfonso Rojas Soto), 25, single, university student; (Hugo Orlando Nilo Carreno), 35, married, employee; (Alex Orlando Pereira Petrocu), university student; (Ramon Aranda Pereira), 43, married, employee; (Maximo Francisco Gazaldo Espinoza), 41, married, teacher; (Maria Inez Katiao Magdalin), 47, single, teacher; and (Augusto Segundo Montenegro Araya), 32, married, teacher. [Text] [PY151258 Santiago Chile Domestic Service in Spanish 1000 GMT 15 Dec 81]

EXTREMIST KILLED BY POLICE--An extremist has been killed by CNI [National Intelligence Center] men in a clash that occurred in the San Miguel District of Santiago. The extremist was carrying identification papers issued to (Ivan Alfredo Quintero Martinez), 31 years old, but it is believed that these identification papers are false since terrorists usually carry false papers. The incident occurred at 437 Callejon Ovalle, near the Santa Rosa Avenue bus station. The judge of the second military district court, (Gonzalo Salazar), went to the scene of the incident and immediately started the proper investigation. The Valparaiso district naval court had tried the terrorist after 11 September 1973, and it is believed he entered the country in a clandestine manner to take part in the extremist so-called return operation. [Text] [PY171819 Santiago Chile Domestic Service in Spanish 1630 GMT 17 Dec 81]

CSO: 3010/507

'MAFIA' LINKED TO ARMS SALES TO GUERRILLAS

Arms Seller Identified

Bogota EL TIEMPO in Spanish 26 Nov 81 pp 1-A, 6-A

[Article by Jacquelin Donado]

[Text] Barranquilla, 25 Nov--A well-known head of the Colombian mafia was the seller of a powerful arsenal to the M-19 which flew the Aeropesca plane from Guajira and later retook the boat "Karina" that had been shelled by a coast guard vessel of the national navy, according to statements made to EL TIEMPO by a spokesman of Brigade 2.

Jaime Guillot, "a top-level mafioso," according to the official source, brought arms for the M-19 into the country from an island in the Caribbean. The arms were transported in a boat he owned to the Guajira coast, near the town of Dibulla. The crew consisted of 30 sailors who apparently were unaware of the kind of cargo the boat was carrying.

After putting in at a clandestine port, the arms and ammunitions were unloaded and taken to an airstrip where they were placed aboard an Aeropesca plane.

As the arms were very heavy, the Aeropesca flight plans drawn up by the mafiosos who were directing the entire operation called for the plane to make two flights from a point in the Pacific before entering the Panamanian region to drop off the arms and return to Guajira for the rest.

However, a breakdown in the plans changed the course of the operation; and the arms which remained on Guajirapeninsula were thrown into the waters of "Laguna Grande," near the town of Dibulla.

The ammunition and arms were recovered several days later by a special army commission, after determination of the precise location of the arsenal.

Initial Arrests

Simultaneously with the "Laguna Grande" operation, another military patrol was keeping watch over the clandestine airstrip where the Aeropesca plane had been loaded. There the patrol arrested a group of about 15 men who have been turned over to the Guajira authorities.

While the arrests were being made, a few miles from the Dibulla coast the ship which initially had brought in the arms remained at anchor; it was seized.

On the basis of investigations conducted by EL TIEMPO, it has been established that the prisoners in Guajira are the ones who identified the mysterious man who had hired them to bring in the shipment. However, they said that they were completely unaware that arms were involved, as they had made such "little trips" on previous occasions but with another kind of merchandise.

They Did Not Leave Panama

Official sources confirmed that when the "Karina" transited Panama it was not transporting arms. What is more, they said: "The boat was sailing under another name and flag." The authorities of the neighboring country immediately and routinely notified Colombia of the presence of the boat.

The Colombian authorities, in a plan organized beforehand, went to meet the boat but without knowing for certain that anything unusual was happening. They were only following their routine. However, when they noted the suspicious manner in which the boat was navigating in the waters of the Pacific, they attempted to make contact with it and were later forced to fire upon it.

A Society of Mafiosos

Several mafiosos, most of whom reside on the Atlantic coast, coordinated operations with the M-19 guerrillas.

Jaime Guillot is being sought by the authorities.

The local authorities are conducting an investigation at the Barranquilla passport office, as it was in this city that papers were issued to Guillot, whose age on one of the passports is listed as 50 years, while on the second, issued in this capital, his age is given as 35. There are also some changes in his features, although the name is the same.

Who Is Jamie Guillot?

It has been established that Jamie Guillot is a Colombian about 50 years of age who is engaged in illicit businesses.

Apparently, the money he had made from his marihuana bonanza had been blown on good times and he had to resort to selling arms to the guerrillas. To this end he used his remaining influence in Guajira and several boats for the transport of the merchandise.

Moreover, several months ago he set up a business in Barranquilla, on 46th Avenue, between 79th and 72d Streets. It was a company which imported late-model cars and was named "Guillot-Gutierrez"; however, the company went broke.

The Story of 'Karina'

The ship "Karina" arrived at the port of Cartagena 8 years ago flying a Greek flag. There it had a fire in its hold and could not continue to sail. The insurance company put the ship up for auction and it was bought by Fabio Mora and Karan Awad, who took it to the Curacao shipyards. Later it spent 3 months in Barranquilla, where its repairs were completed.

After that it arrived in Buenaventura, where it was seized for port and administrative charges. When this crisis was resolved, a Greek captain with the last name of Tribizas, a New York resident with shipping connections in Honduras, became a partner.

The ship, now with a Colombian flag and crewmen, set sail for the Panama Canal with a cargo of scrap iron. It was under the command of a Colombian captain and also of the new partner, Captain Tribizas, who took it to Puerto Cortes, Honduras, where it remained at anchor for over a year.

Later, the ship was auctioned off, with a cargo of scrap iron, by the insurance company and turned over to its new owner.

It was taken to Puerto de Espana for conversion into scrap iron; however, in the middle of the Atlantic Ocean and after a violent storm, it broke loose from its mooring lines to a tugboat and sank.

The Association of Professional Sailors gave EL TIEMPO the story of "Karina" and said that this had happened over 5 years ago. The ship was a deep draught vessel, as it was registered at about 10,000 tons; therefore, it is strange for a small boat to turn up with that same name and a Honduran flag.



Jaime Guillot, the mafioso who sold a powerful arsenal to the M-19. The arms were transported in a boat he owned from an island in the Caribbean to the Guajira coast.

'Mafia' Meets To Discuss Sales

Bogota EL TIEMPO in Spanish 28 Nov 81 pp 1-A, 3-A

[Article by Rafael Sarmiento Colley]

[Text] Barranquilla, 27 Nov--A meeting to analyze the difficult situation in which their "businesses" now find themselves because they had engaged in arms trafficking with subversive groups operating in the country reportedly was held today in a secret location by the Colombian mafia which continues to exist in the wake of the so-called "Marihuana Bonanza."

An exclusive report, which was provided by the Military Forces and published by EL TIEMPO in its last-Thursday issue, produced extreme nervousness and confusion among some members of that group which lived during and benefited from the good times provided by marihuana trafficking in the northern part of the country.

Persons knowledgeable in such matters who were consulted by EL TIEMPO in its last-Thursday issue, produced extreme nervousness and confusion among some members of that group which lived during and benefited from the good times provided by marihuana trafficking in the northern part of the country.

Persons knowledgeable in such matters who were consulted by EL TIEMPO said: "No doubt the Colombian mafia lacked the organization and character of its Sicilian counterpart and in this regard they picked the wrong business: they were unable to select the next step to take when their drug-trafficking activities were ruined. They were unable to choose between a risky but profitable activity and a daring but uncertain business such as arms trafficking with guerrilla groups. Above all they had to combat an entire sovereign state."

Mistake After Mistake

According to official sources, the Colombian mafias suffered "defeat after defeat" because of the series of mistakes they committed when they ruined their American market by making shipments of marihuana mixed with leaves of rat-poison and sesame plants.

Relations of Long Date

It was learned here today that military sources have established the fact that childhood relations in Santa Marta were an important tie between the top M-19 leader, Jaime Bateman, and Jamie Guillot.

The same sources say that both men were childhood friends who were accustomed to playing the same games, getting into the same mischief on the beaches of Santa Marta and that later in spite of different activities they came to an agreement that they could be of mutual help to one another.

The investigators say that the source of the arms could be the U.S. black market or a pro-Soviet country in the Caribbean area (Cuba or Nicaragua).

Another version that the Colombian mafias, in bankruptcy, the owners of boats and knowledgeable of ways to avoid surveillance by sea, land and air over the entire route, put all they had at the service of the Latin American subversive sector.

Our sources say: "It could be that the mafiosos bought the arms from a Soviet satellite country in the Caribbean and then resold them to Latin American guerrillas. This brought them fat profits. And in the process no one seemed to be involved in the sale of arms to the guerrillas of a specific country except for common, every-day drug traffickers."

Complete Secrecy

In spite of the fact that our highly credible sources have reported quite precisely on this entire operation, in the high command levels of Brigade 2 complete secrecy has been maintained pending completion of other investigations.

The names of other prisoners and the alleged complicity of international traders have been established; however, authorized Brigade sources have requested total confidentiality.

Operation

It has been established that the investigators have made much progress in finding the "missing link" with respect to the point where the Aeropesca plane picked up the arms shipment, the place it offloaded them and the port in which the "Karina" received the shipment.

It has already been determined that the old ship "Zar," which is of Colombian origin and which was well known in "marihuana" operations along the Guajira coasts, transported the shipment from a Caribbean country (the army has not yet identified the country and the arms manufacturer and has not stated the total amount of arms shipped).

It is also known that the "Zar" dropped anchor off Dibulla in the middle of October 1981 where a smaller vessel picked up part of the shipment and took it to shore. The arms were taken from there in carts to the clandestine airstrip where they were loaded onto the Aeropesca plane, whose crew was forced at pistol point to change its original route.

The rest of the arms and ammunition shipment which remained aboard the "Zar" was thrown into the sea, in Laguna Grande near Dibulla, in the face of the failure of a second air trip to transport the shipment to the Pacific coast.

According to the authorities, the operation was as follows: the "Zar" transported the shipment from a Caribbean country to the Atlantic coast of Colombia, a route the marihuana dealers knew as well as the back of their hand. They also had excellent experience in avoiding all air surveillance. However, since the guerrillas needed the arms on the other side of the country and it was not possible to transport them overland or directly by air, a bridge had

to be set up between the Guajira coast and a clandestine port on the Pacific. The bridge was in the form of an airlift provided by the seized Aeropesca plane, while the "Karina" was traveling empty from the Atlantic to the Pacific coast. At a clandestine port, it took on the arms which had been transported by the Aeropesca plane. Later the national navy detected this maneuver and sank the "Karina."

8143

CSO: 3010/446

GUERRILLA ACTIVITIES CHARTED, DISCUSSED

Chart Described

Bogota EL SIGLO in Spanish 25 Nov 81 p 1

[Text] During the period between July 1980 and July 1981, the military forces carried out very important operations in the country against guerrillas, with military detachments concentrated in sensitive areas such as El Pato, El Duda and Guayabero and also in vast regions in the Departments of Narino and Choco, with a view to controlling escalated subversive activities which seriously endanger the public security.

Today we are presenting a chart based on figures supplied by the Ministry of Defense covering the principal subversive and antisubversive activities taken during that period. The chart contains alarming information about the criminal activities of the guerrilla sector, particularly in categories such as kidnapping, assassination and theft.

Kidnapping especially became an "industry" by means of which seditious cadres sought to maintain their consolidation. In 12 months, 51 cases of kidnapping were recorded; i.e., an average of 4 per month.

However, in the same period, the armed forces conducted several successful operations against the country's major guerrilla groups (FARC [Revolutionary Armed Forces of Colombia] and M-19). Thus, during the last 3 months of 1980 in the extensive region of El Duda and Guayabero, between Meta and Caqueta, the armed forces wiped out FARC columns, including important leaders, which had controlled the region for 8 years.

Subversive and Antisubversive Activities in Figures

Insurgent and Counter-
insurgent Activities
(July 1980-July 1981)

	<u>FARC</u>	<u>M-19</u>	<u>Others</u>	<u>Total</u>
Kidnappings	20	14	17	51
Attacks on towns	8	8	3	19
Money stolen (millions)	72	540	95	707
Assassinations of civilians	159	15	23	197
Weapons stolen	61	30	34	125
Internal executions in the gangs	44	13	11	68
Weapons seized by army	109	252	13	374

[continued]

[continuation of Subversive and Antisubversive Activities chart]

Insurgent and Counter-
insurgent Activities
(July 1980-July 1981)

	<u>FARC</u>	<u>M-19</u>	<u>Others</u>	<u>Total</u>
Acts of terrorism		13	56	69
Guerrillas captured	63	215	34	312
Guerrillas killed	43	77	7	127
Seizure of transmitters and interference--TV		70	3	73
Amnesty granted	12	2	2	16
Asylum granted		1	4	5

Discussion

Bogota EL SIGLIO in Spanish 25 Nov 81 p 3

[News commentary by Jorge Gonzalez: "Criminal Record of Guerrilla Sector"]

[Text] Kidnapping continues to be the criminal activity most used by subversive groups seeking to maintain the consolidation of their cadres by means of this "industry." Such was the case during the period July 1980 to July 1981 when a total of 51 cases was recorded; i.e., an average of 4 per month, according to figures on this subject recorded in the Ministry of Defense.

In the same period, guerrilla organizations perpetrated several attacks, also for "financial" purposes and seized 707 million pesos which, added to the financial contributions channeled to them by foreign groups interested in exporting and increasing subversion in the Caribbean area, allowed them in part to offset the devastating blows delivered by the military forces which during those 12 months conducted intensive operations at sensitive points in Narino, Choco, Caqueta and Meta.

Decreased Fighting Capability

The fighting capability of the insurgent movements, which had been strengthened before the forces of order neutralized important supply lines of war materials, was decreased when counterguerrilla troops, with only pacification strikes, seized 374 weapons and in addition prevented huge arsenals from entering the country from Central America.

The war footing itself of the insurrection was ostensibly diminished with the capture of 312 militants and the death in battle of an additional 127. These figures are condensed from the results of military operations which during the last 3 months of 1980 were concentrated in the regions of El Pato, El Duda and El Guayabero, particularly in bordering areas between Meta and Caqueta. Actions in March 1981 in the Narino and Choco regions are also included.

The principal action columns were wiped out. They were made up of the main leaders of the communist Revolutionary Armed Forces of Colombia (FARC) which had controlled the extensive region for 8 years.

In Narino and Choco, the M-19 suffered the dismantling of its "general staff" with the capture of Carlos Toledo Plata, second in command, and other important leaders, including Rosemberg Pabon. On that occasion, the Armed Forces frustrated efforts by the banned movement to organize an invasion of the country by means of several columns which entered the country from different points on the Pacific coast. Every armed landing from the San Juan and Mira Rivers was neutralized.

Destabilizing Actions

Figures obtained by EL SIGLO indicate that the most effective destabilizing efforts of the armed uprising were coercive and repressive actions against civilian population centers, principally in the peasant sector: 197 persons were assassinated by the guerrillas in those 12 months. Most of the victims were executed because of their persistent refusal to cooperate with the seditious groups or because they had become "informants" on the subversion in the armed battles between the forces of order and the subversives.

However, there were also victims of ideological battles provoked by the armed extremists, the most representative case of which was the assassination on 7 March in Bogota of a U.S. citizen, Chester Allen Bitterman, at the hands of an M-19 urban commando group.

Attacks on towns--19 in all--during this period were the most usual methods used by the subversive organizations to demonstrate their fighting capabilities and to cause psychological reactions, the results of which were evidenced by high tensions in the public order sector which considerably impeded the progress of the affected communities.

The bloody seizure of Mocoa on 11 March under the leadership of Jaime Bateman Cayon, was used by the M-19 to "announce" the start of its activities in the forest regions to the south. Up to then, such activities had been conducted from hideouts in urban areas.

The clandestine use of state radioelectric channels during this period became the only effective propaganda procedure for subversive purposes and "made up for deficiencies" in methods, such as the periodic sending of bulletins to the communications media, by exploding pinatas with propaganda leaflets--which in general produced the so-called boomerang effect--or the spray-painting of slogans on walls.

Propagandistic Interference

During this period, the M-19 interfered with the audio signal of national television 70 times. The self-styled "National Liberation Army" [EPL] broke into radio broadcasting stations twice. The "Pedro Leon Arboleda" group--the urban network of the EPL--did this with blood and fire on one occasion.

The recorded 69 acts of terrorism, according to the official report, had only minor immediate and transitory convulsive effects.

The government's pacification attempt, with the issuance of the amnesty law, did not produce the results hoped for by the president and was only utilized by 16 persons, 12 of whom were connected with the FARC.

Five persons sought asylum, giving reasons of "political persecution" which in all cases were found to be baseless by the national government.

Trials for Subversion

During the same period, 66 trials for subversion were held as follows: 9 against the M-19, 35 against the FARC, 9 against the PLA, 6 against the ELN [National Liberation Army], 2 against the ADO [worker's self-defense] and 5 against the EPL.

These trials have been recorded by the Armed Forces as successful; and in a document which covers this subject they note: "...by means of investigations by various military criminal examining magistrates a success was achieved in the reconstruction of the composition of the leadership cadres of the subversive groups and their members, who appeared before summary courts-martial which were convened as needed.

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CSO: 3010/446

CONSERVATIVES NOMINATE BELISARIO BETANCUR

Nomination on First Ballot

Bogota EL SIGLO in Spanish 28 Nov 81 p 1

[Article by Carlos J. Gonzalez and Amparo Segura]

[Text] Yesterday, the National Conservative Convention nominated Belisario Betancur for the presidency of the republic. On the first round of voting, he received 426 votes to 296 for Dr Alvaro Gomez Hurtado, who asked the conventioners to forego the second round of voting required by regulation, a gallant gesture which was approved unanimously. By means of this action, party unity was restored after 30 years of division.

The following statement was made by Dr Alvaro Gomez Hurtado, when the results of the first round of voting were made known:

"This convention has been conducted the way I like to see a convention run, with all the calculated risks and an opportunity to define positions within the democratic system. I accept the results and propose that the convention, which has been a magnificent festival of unity for the party, forego the final two-thirds requirement. I should also like to say that I will continue in my political position, as my natural situation requires me to do. Politics is a nice task. I am only concerned about the amount of work that remains for us to do; however, I have not been scarred by this experience. I have great hope for my party and through it for the future of Colombia. I congratulate Dr Belisario Betancur and hope he has the blessing of Divine Providence."

By acclamation and as the final action of its deliberations the Conservative Convention acclaimed the joint unit directorate which had been proposed by the delegates appointed by Misael Pastrana Borrero and Alvaro Gomez Hurtado.

The list of the new party leaders follows:

Miguel Escobar Mendez, Hugo Escobar Sierra, Rodrigo Marin Bernal, Carlos Holquin Sardi, Roberto Gerlein Echeverria, Guillermo Velez Urreta, Dario Marin, Venegas, Jaime Pava Navarro, Alberto Casas Santamaria, Guillermo Angulo Gomez, J. Emilio Vladerrama, Rodrigo Lloredo Caicedo, Bertha Hernandez de Ospina, Ignacio Valencia Lopez, Alvaro Villegas Moreno, Carlos Martinez Simahan, Omar Yepes Alzate and Alvaro Leyva Duran.

In an ambience of extraordinary enthusiasm for party unity, the National Conservative Convention was opened at 1130 hours as scheduled.

In the convention which was filled with blue and adorned with large photos of the great leader, Laureano Gomez, and of former President Mariano Ospina Perez, 736 conventioners from all parts of the country gathered to attend the historic meeting which was arranged by Drs Alvaro Gomez Hurtado and Misael Pastrana Borrero, who in an ennobling action taken in Paris 5 months ago reached an agreement that there would be no slackening of effort until conservative unity had been attained.

This objective was accomplished to the nth degree. The enthusiastic delegates began arriving at the conference room of the Hotel Tequendama at 0800 hours and had to make their way through the motley crowd which was waving flags.

While musical groups outside underscored the happy note of the occasion, inside the hall there was an ambience of conservative brotherhood.

The chairmen of the convention, Miguel Escobar Mendez and Ignacio Valencia Lopez, after announcing the presence of the required quorum, appointed all the committees and informed Drs Alvaro Gomez, Misael Pastrana and Belisario Betancur that the large convention was now in session.

The first to reach the convention hall at 1150 hours was Dr Belisario Betancur, who had remained in the Cordoba suite for a long time. He received four rounds of heavy applause.

Shortly afterward, Dr Alvaro Gomez Hurtado entered, in the midst of general ovations and the waving of blue flags. The conservative chief had remained in the presidential suite. Finally, at 1155 hours, former President Misael Pastrana crossed the threshold, after leaving the Bolivar suite.

Two Moving Events

After another round of applause, there were two moving events: the national anthem and the minute of silence for former Minister Jorge Mejia Palacio, who died as he was preparing to participate in the final arrangements for the big assembly. After the playing of the party anthem, Drs Belisario Betancur and Alvaro Gomez were nominated.

The Vote

Finally, the convention voted to support Dr Belisario Betancur, an event that caused a great outburst, which was exceeded by the uproar that followed minutes later in response to the great and noble gesture made by party chief Alvaro Gomez

Hurtado, who announced that he accepted the results. At that point, the convention erupted in heavy applause and there were tears on some faces. The conventioners were witnessing an unforeseen drama, by means of which conservatism presented a living example to the few democracies of America of what respect for institutions, freedom and order is all about. Alvaro Gomez' gesture will be recorded in history, in the opinion of the conventioners as they happily left the traditional Red Room, which for the first time yesterday was bedecked with blue. The convention lasted 5 hours.

Acceptance Speech

Bogota EL SIGLO in Spanish 28 Nov 81 pp 1, 15

[Text] Candidate Belisario Betancur said yesterday that he hopes to have a government of peace which will guarantee progress and restore the country's faith in its institutions.

After Dr Alvaro Gomez Hurtado asked the convention to forego the second round of voting to nominate a candidate, Dr Betancur gave the following speech:

Dr Alvaro Gomez Hurtado; Drs Miguel Escobar and Ignacio Valencia Lopez, chairman of the convention; former presidents, minister, governors, mayors; fellow convention delegates; and special guests:

There are no losers. We are all winners. In any country of the world, the free world, the democratic world, the competition presented by my party today would do honor to any nationality.

We have accomplished our task under the inspiration of former President Pastrana and of Alvaro Gomez Hurtado, to whom I take off my hat in gratitude. I take off my hat to salute not only the great figures of my party but also the highest expressions of democracy in Latin America and Colombian democracy.

We will leave this hall to carry out our goal of restoring to Colombia faith in its institutions and hope that all is not lost, because we are face-to-face with our destiny. We are leaving this hall to tell our fellow countrymen that we wish to be with them in their desolation but also in their happiness, that we want to contribute to the recovery for Colombia of the invaluable treasure of its peace, to which end we surround our armed forces with loyalty and decisiveness.

To President Turbay, I democratically extend my hand from this forum. If I have criticized him, if I do criticize him, it will in all cases be done in an effort to ensure the best service for the Fatherland, but ever protecting its institutions and legitimacy.

To the Liberal Party I say that soundly based on democratic emulation we will be stumping the country in search of the support of our fellow countrymen.

We are certain that we will maintain our institutions; however, we will not continue their mistakes. We have plans, plans which the great thinker, Alvaro Gomez Hurtado, has been formulating for the country and to which I subscribe.

Since we simultaneously have the historically enlightened idea of our collectivity which was mentioned in former President Pastrana Borrero's speech and to which I, too, subscribe; since we have this inheritance, we will seek the free democratic adherence of our fellow countrymen to give Colombia a government of peace, security and tranquility, a government in which we Colombians will feel the pride of knowing we are being governed well, during one of the country's historic watersheds.

I am not only addressing the members of my party, to whom without exception I extend my hand in gratitude; I am not only addressing my fellow party members but the entire country, the liberals who are disenchanted by the fact that confusion and despair now prevail in their own ideological territory, to the millions of abstentionists, to those who because of skepticism or disappointment do not find a model or seductive plan in traditional policy.

We are the future of Colombia. A new political torrent that is cutting a pathway. We are the new majorities, as Pastrana put it. The Conservative Party, as an entity: the disappointed liberals, abstentionists and independents; people who want to find enthusiasm for the Fatherland; people who still vehemently, profoundly believe as we do in the God of Colombia and in the eternal values of the Colombian Fatherland.

Dr Gomez Hurtado's gesture is a gesture of greatness. Dr Gomez Hurtado, in the moral school of Laureano Gomez--he an open book and without compromise in the face of immorality, and corruption--I learned my ethics lessons. When the institutions were in jeopardy. I came to the defense of those institutions, no matter what the risks incurred. Now new risks are besieging our Fatherland; now, too, I am with our institutions.

Bertha Ospina Perez, in the school of Mariano Ospina Perez--also an open book, of tenacity, enthusiasm, self-denial--we learned what service to the Fatherland is, without lassitude, without borders; and in the school of Guillermo Leon Valencia, our unforgettable friend; and in the school of Alzate Avendano, whose courage in the service of ideas, on occasion, assumed volcanic proportions, taking on the appearance of nature unleashed; and in the schools of Pastrana and Alvaro Gomez; we learned loyalty to ideas. We have had our differences, but what a spectacle the Conservative Party has today given to the whole country, to universal democracy, in this ideological competition which leaves no scars.

A month ago, at a trade union meeting in Cali, the three of us took turns discussing the problems of the Fatherland; and that, too, was a spectacle of intelligence. I say this without modesty.

At this time, I call upon the titular figures of the collectivity; and at the same time I call upon the help of the God of Colombia, who is my own God, who is the God of all Colombians. Let us not leave this hall in a wretched manner but with grandeur. Let us leave this hall to make history and to make that history for our fellow countrymen, without exception.

VARIOUS SOVIET RELATED ACTIVITIES REPORTED

Friendship Delegation

Havana GRANMA in Spanish 7 Nov 81 p 4

[Text] Visiting Cuba for the festivities in honor of the 64th anniversary of the triumph of the great October Revolution, at the invitation of ICAP [Cuban Institute for Friendship with Peoples] and the Cuban-Soviet Friendship Association, is a delegation of the Union of Soviet Friendship Societies and the Soviet-Cuban Friendship Society. Members include Leonid S. Sarviro, who is a member of the party Central Committee of Belorussia and deputy of the Supreme Soviet and Chairman of USSARCE in that republic, and Alexsey P. Iobsegniev, Hero of Socialist Labor and a veteran of World War II.

Welcoming them at the airport were Cuban officials as well as Viktor Gnillossirov, first secretary of the Soviet Embassy and a representative to Cuba for the Soviet-Cuban Friendship Society.

University Group

Havana GRANMA in Spanish 7 Nov 81 p 4

[Article by Nancy Robinson Calvet]

[Text] The Soviet Universities Alumni Association was inaugurated in the great hall of Havana University in celebration of the 64th anniversary of the October Revolution. The association will be an important factor in improving and expanding our scientific and technical institutions. It will promote ideas and make possible the best solution to any problem. This was reported by Zoilo Marinello, president of the Cuban-Soviet Friendship Association (AACS), in remarks at the close of the ceremony. He noted that the group should seek close bonds with the Soviet schools from which they graduated, and should exchange ideas and experiences among themselves. He said it is an honor for AACS to be in charge of organizing this event and emphasized that the best way to support Fidel is to work untiringly for the group's objectives and contribute to the technical development of Cuba.

Other speakers were Ekatarina Kilosova, vice-minister of higher education in the Ukraine, Leonid Sarviro, member of the Central Committee and deputy of the Supreme

Soviet in Belorussia, who read a message from the Union of Soviet International Friendship Societies, and Armando Perez Perdomo, secretary general of the new association.

Presiding was Jesus Montane, alternate member of the politburo; in attendance were the ministers of education and higher education, Jose Ramon Fernandez and Fernando Vecino, along with Jose Felipe Carneado, head of the Department of Science, Culture and Educational Institutions, Rene Rodriguez, president of ICAP [Cuban Institute for Friendship with Peoples], all the members of the Central Committee, Vitali Vorotnikov, the Soviet ambassador to Cuba and a member of the Soviet Communist Party Central Committee, other party members and alternate members, including Col Arnaldo Tamayo, the first Latin American cosmonaut and a Hero of Cuba and the Soviet Union.

Armenian Party Group

Havana GRANMA in Spanish 10 Nov 81 p 3

[Text] Jesus Montane, alternate member of the politburo of the Cuban Communist Party, welcomed to the Central Committee headquarters a Soviet delegation headed by G.M. Voskanyan, secretary of the party Central Committee in the Republic of Armenia. The Soviet delegation is visiting Cuba as part of the exchange program between the two nations. During their stay in Cuba, they have visited the provinces of Cienfuegos, Villa Clara, Santiago de Cuba, Matanzas and Havana City, meeting with party leaders in these areas.

Other members of the delegation are N. I. Demanteni, secretary of the Central Committee of Belorussia, A. Skipnikov, deputy of the Supreme Soviet of the Soviet Union and second secretary for the province of Kalinin, and N. I. Samilik, the secretary of the Provincial Committee of Dnepropetrovsk, Ukraine.

During the meeting at the Central Committee office, there was a discussion on bilateral Cuban-Soviet relations.

Also present for the meeting was Juan A. Morente, an official of the Central Committee's general foreign affairs branch. Also present from Russia were Vladimir Goncharenko, council minister, and Eugeni Gromushkin, a political advisor, both from the Soviet embassy to Cuba.

11,989

CSO: 3010/392

ADVANCES OF GUATEMALAN GUERRILLAS NOTED

PA190256 Havana International Service in Spanish 2310 GMT 18 Dec 81

["Our America" commentary]

[Text] In 1981, there has been an indisputable advance and consolidation of the revolutionary forces of Guatemala, which are grouped into the Poor People's Guerrilla Army, the Rebel Armed Forces, the Armed People's Revolutionary Organization and the Guatemalan Labor Party, groups that are moving firmly on the path to the unity necessary to guarantee victory over tyranny and imperialism.

Over the past 12 months, Guatemalan guerrilla actions have become much more frequent, have expanded in scale and have spread through several of the country's departments, even approaching sites close to the capital.

Attacks on army convoys, the placement of mines, ambushes set for military patrols, sabotage at the regime's installations, occupations of towns and executions of torturers and murderers have been among the many actions taken by the revolutionary vanguard of the Guatemalan people.

Guerrilla activities have been particularly intensive in the oil regions of El Quiche and Alta Verapaz Departments, where the top army commanders have expropriated large extensions of land and transnational companies are voraciously exploiting hydrocarbons and other natural resources.

Gen Romeo Lucas Garcia's dictatorship is especially concerned over the fact that in the past few months guerrilla warfare has extended to areas very close to the capital, such as Chimaltenango and Zacatepequez Departments, and is even taking place in regions that are geographically unsuited to that kind of warfare.

The Guatemalan oligarchy and military dictatorship are even more concerned over the people's growing incorporation into the rebel movements, a process that is manifested not only in the enlistment of new fighters, but in the provision of supplies, information on army movements and protection for the clandestine fighters.

In response to the rise of guerrilla warfare, the Guatemalan regime has refined its methods of terror, intimidation, murder and torture of the civilian population, to which end it has the support of experienced advisers from the United States, Chile and other dictatorships on the continent, who arrived in Guatemala throughout the course of the year to serve as military advisers.

Thousands of defenseless Guatemalan citizens have been killed this year by the repressive forces of the dictatorship. The victims include military and political leaders, teachers, students, newsmen, priests and professionals.

In the economic sphere, 1981 has been one of the worst years in Guatemala's history. Immersed in an unchecked arms buildup for which it does not have sufficient resources, the regime has totally neglected economic problems and the provision of services to the people, which has caused an increased aggravation of hunger, unemployment, the high cost of living, misery and illiteracy.

The most recent reports on the socioeconomic situation in Guatemala confirm that in that country 9 out of every 100 children die before completing their first year of life and 20 out of every 100 fail to reach 4 years of age, while the foreign debt is becoming astronomical and 70 percent of the school age population is illiterate.

Another factor that cannot be ignored is Guatemala's increasing dependence on the United States, a country that provides that Central American dictatorship with large amounts of resources in the form of weapons and economic aid. Washington also dictates the domestic and foreign policy of Guatemala, which is one of the main U.S. pawns in Central America and the Caribbean.

As the year ends, the regime is accelerating preparations for general elections in March. These elections have already been impugned by the country's revolutionary forces, which describe the elections as another farce by which the oligarchy and imperialists seek to perpetuate their domination.

CSO: 3010/524

BRIEFS

ICAP-MID EAST CENTER SIGN ACCORD--An agreement has been signed between the Center for Asian and Middle Eastern Studies and the Cuban Institute of Friendship with the Peoples (ICAP) in Havana. The document, which will be valid for 5 years, was signed by Rene Rodriguez, member of the Central Committee and president of the ICAP and Jose Antonio Garcia, director of the studies center. According to the agreement, both organizations will inform each other about visits of delegations or personalities from Asia and or the Middle East in order to arrange work meetings with them. [Text] [FL101940 Havana Domestic Service in Spanish 1700 GMT 10 Dec 81]

FIDEL VISITS INTENSIVE CARE UNIT--Cdr in Chief Fidel Castro has visited the construction site of the intensive care unit of the Eduardo Agramonte (Pina) Pediatrics Center Hospital in the city of Camaguey and he had a long talk with the health personnel and construction workers. During the talk, the party's first secretary asked the doctors and nurses about the benefits of a unit of this type, which is included in a group of 27 units that are distributed throughout the country. After lauding the progress of the construction, which will allow the unit to be finished at the end of this month, Fidel asked about the operations and services of the unit under construction. The unit will cost approximately 800,000 pesos and it will have 14 beds, 2 of which will be used exclusively for kidney diseases. [Text] [FL111315 Havana Domestic Service in Spanish 1100 GMT 11 Dec 81]

DORTICOS PRESIDES OVER STANDARDIZATION MEETING--In Santiago de Cuba, Osvaldo Dorticos Torrado, member of Cuba's Communist Party Politburo, has presided over the opening session of the 11th territorial meeting on standardization, metrology and quality control, co-hosted by the five eastern provinces. Also attending the ceremony were Vasiliy Boytsov, chairman of the USSR State Committee on Standardization; (Jozef Komaliowski), chairman of the Bureau of Standards and Quality of the Hungarian People's Republic; and Jose Ramon Balaguer, first party secretary in Santiago de Cuba Province. The opening remarks were made by Juan Abreu, vice president of the State Committee for Standardization. He referred to the importance of metrology in the country's development as well as to the new center which has laboratories for the verification of gauges with the most modern Soviet instruments. [Text] [FL142307 Havana Domestic Service in Spanish 2230 GMT 14 Dec 81]

CATTLE BREEDING PLANS--Mexico City, 13 Dec (FEATURES-NOTIMEX)--Cuban Ministry of Agriculture's Genetics and Reproduction Directorate is currently working on creating a cattle hybrid variety called "Cuban Holstein," resulting from cross-breeding Holstein by 75 percent and Cebu by 25 percent, which will resist the

environmental and climatic tropical conditions. The genetic program also includes plans to obtain new cattle breeds by taking advantage of Cebu cattle native to the tropical environment and the milk-producing capability of the Holstein breed. To attain this, specialists are trying to eliminate the Cebu breed's poor capability in the production of milk and meat and at the same time increase the Holstein cattle's resistance to the inclemencies of the tropical climate. After obtaining the first generation of the Holstein-Cebu crossbreed, the Cuban geneticists will attempt a new crossbreed in which the percentages of cow are increased until obtaining the tropical Holstein breed genotype. [Excerpt] [FL142127 Mexico City NOTIMEX in Spanish 1455 GMT 14 Dec 81]

LEGALITIES OF NEW ECONOMICS--A seminar on the legal implications of the new international economic order sponsored by the Ministry of Foreign Relations began today in Havana, presided over by Foreign Minister Isidoro Malmierca, member of the PCC Central Committee. Jose Raul Viera, first vice minister of foreign relations, made the opening speech and pointed out that the aim of the meeting was to study the legal ramifications indicated by the new international economic order demanded by all the Third World and other (?forces). He said that during the Nonaligned Movement's sixth summit conference in 1979, the movements' chairman, Commander in Chief Fidel Castro warned about the situation of hunger and misery suffered by a considerable number of people in the world. Two years after that important meeting, Veira stressed, the depressing reality denounced then is even more depressing today. [Text] [FL170040 Havana Domestic Service in Spanish 2139 GMT 16 Dec 81]

USSR PROTOCOL AIDS SUGAR INDUSTRY--The 10th session of the permanent working group of the Cuban-Soviet Intergovernmental Committee for the development of Cuba's sugar industry concluded today in Moscow with fruitful results. The agreements reached at the meeting are contained in a protocol signed by Vasiliy Chebyshev, deputy minister of the USSR's food industry, and Edison Velazquez Lopez, vice minister of Cuba's sugar industry. The document acknowledges the valuable Soviet aid in the development of the ongoing program to reconstruct sugar mills and build new ones. The protocol also covers the technical assistance of Soviet specialists and advisers who will take part in this important endeavor in Cuba, as well as the training of Cuban technicians and specialists who will travel to the USSR. [Text] [FL190207 Havana Domestic Service in Spanish 0000 GMT 19 Dec 81]

MALMIERCA CLOSES ECONOMIC SEMINAR--Cuban Foreign Minister Isidoro Malmierca made the closing remarks at the seminar on the legal implications of the new international economic order which met for 3 days at the Palace of Conventions in this capital. The seminar was organized by the Foreign Ministry. Malmierca, who is also a member of the Central Committee, said that the Nonaligned Movement has repeatedly noted the inequalities in living conditions in a large part of the world and hence advocates the new international economic order as a means to substantially alleviate social inequality. Malmierca made reference to the proposal on this subject made at the United Nations by the chairman of the Nonaligned Movement, Fidel Castro, who asked for the inclusion of an additional contribution of not less than \$300 billion to be distributed in annual installments of not less than \$25 billion. The \$300 billion would be invested in underdeveloped countries in the form of donations and long-term soft credits at a minimum interest. Malmierca highlighted

the efforts of the underdeveloped countries to provide the new international economic order with the proper juridical instruments to set the new order in motion. [Text] [FL191336 Havana Domestic Service in Spanish 1100 GMT 19 Dec 81]

STANDARDIZATION PROTOCOL WITH USSR, HUNGARY--The State Committee for Standardization has signed agreements in Havana City with the State Committee for Standards of the USSR and with the National Bureau of Standards of Hungary pertaining to meteorological standards and quality control. The documents were signed by Vasiliy Boytsov, president of the Soviet organization; Jozsef (Olakhov), president of the Hungarian organization; and Ramon Darias, minister president of Cuba's State Committee for Standardization. The protocol with the USSR establishes the 5-year guidelines and the 2-year cooperation plans pertaining to those sectors, while the protocol with Hungary outlines the bilateral cooperation program for the next 2 years. [Text] [FL181600 Havana Domestic Service in Spanish 1500 GMT 18 Dec 81]

MONTANE MEETS ANGOLA'S CARVALHO--Jesus Montane Oropesa, alternate member of Cuba's Communist Party Politburo and member of the Central Committee Secretariat, has met with Comrade (Henrique de Carvalho Santos), alternate member of Angola's MPLA-Labor Party Politburo and member of the secretariat. During the fraternal and friendly talks, the two leaders exchanged views on the economic, political and social development of Cuba and Angola and other matters of mutual interest. [Text] [FL181409 Havana Domestic Service in Spanish 1200 GMT 18 Dec 81]

CASTRO AS UJC DELEGATE--Commander in Chief Fidel Castro, Army Gen Raul Castro and Commander of the Revolution Ramiro Valdes were elected delegates of honor to the fourth congress of the Union of Young Communists [UJC] during the third UJC conference that was held at Interior Ministry headquarters in Sancti Spiritus Province. [Text] [FL181223 Havana Domestic Television Service in Spanish 1203 GMT 18 Dec 81]

UJC LEADER COMMENTS ON ISSUES--The solidarity of the people of Latin America and the world toward the revolutions of Cuba and Nicaragua constitutes a true international lesson for U.S. imperialism in its attempts at aggression against these countries. This was expressed by Luis Orlando Dominguez, secretary general of the Union of Young Communists [UJC] of Cuba, who arrived in this capital today at the head of the Cuban delegation invited to participate in the second national assembly of 19 July Sandinist Youth Movement to be held tomorrow and the day after. The youth leader stated that if a military attack were to occur against the revolutions of Cuba and Nicaragua, the youth and conscientious people of the world would rise up in defense of these processes. [Text] [PA191517 Managua Radio Sandino in Spanish 0300 GMT 19 Dec 81] Luis Orlando Dominguez, first secretary of Cuba's Union of Young Communists [UJC], has said in Managua, Nicaragua, that the struggle of the Nicaraguan people against imperialism is an example of firmness, bravery, determination and courage. Dominguez is in the Nicaraguan capital to take part in the national congress of the 19 July Sandinist youth opening today. The Sandinist process demonstrates that the worth of a revolution lies in its capacity to defend its conquests, and for this reason we increasingly value the courage and honesty of this revolution and this people, Dominguez added. He is also a member of the Communist Party of Cuba Central Committee. [Text] [FL191404 Havana Domestic Service in Spanish 1200 GMT 19 Dec 81]

COMMUNICATIONS TRADE UNION CONGRESS--The third congress of the National Union of Communications Workers opened this morning at the Central Organization of Cuban Trade Unions (CTC) Lazaro Pena Theater. The meeting is being chaired by Jorge Risquet Valdes, member of the Politburo; Roberto Veiga, CTC secretary general and alternate Politburo member; Pedro Guelmes, communications minister; and Politburo members and CTC leaders. Juan Atrel, secretary general of the National Union of Communications Workers, read out the main report, a self-criticizing document that reviews the activities carried out by the union since the previous congress. The report highlights the fact that the advances that have been achieved by the revolution during the past few years are unquestionable and significant and that they have demanded the investment of large financial, material and human resources. [Excerpt] [FL181900 Havana Domestic Television Service in Spanish 1800 GMT 18 Dec 81] Roberto Veiga, alternate member of the Politburo and secretary general of the Central Organization of Cuban Trade Unions (CTC), stressed at the closure of the National Communications Workers Union's third congress that quality in communications is a factor permanently appreciated by the people. [Text] [FL211337 Havana Domestic Television Service in Spanish 1207 GMT 21 Dec 81]

SPARE PARTS FORUM--PCC Politburo member Pedro Miret Prieto has inaugurated the first forum on recovery and manufacture of spare parts of the Sugar Industry Ministry, whose participants will discuss 98 proposals dealing with the agricultural, transportation and industrial branches of the economy. Miret called for redoubling efforts in the reduction of spare parts imports by encouraging personal initiative, and pointed out that the rich exchange of experiences in this type of meeting contributes to that objective. Participating in the opening session were Luis Martell Rosas, member of the PCC Central Committee and secretary general of the National Sugar Industry Workers Trade Union, and other leaders. [FL171515 Havana Domestic Service in Spanish 1200 GMT 17 Dec 81]

ARMY VICTORY COMMEMORATED--A large rally has commemorated the 23rd anniversary of the rebel army victory in taking the town of Sagua de Tanamo. Miguel Cano Blanco, first secretary of the party for Holguin Province and alternate member of the Politburo addressed the rally and called for doubling the coffee, tuber and vegetable harvests. He noted the multiple achievements of that region which, like the rest of the country, is ready to fight. [FL180209 Havana Domestic Service in Spanish 2119 GMT 17 Dec 81]

ROMANIAN ANNIVERSARY--The national celebration of the 34th anniversary of the proclamation of the Socialist Republic of Romania has been held at the Jose Merceron cement factory in Santiago de Cuba. (Ion Radu), the counselor at the Romanian Embassy in Cuba, addressed the factory workers and told them that conditions were right for the continued strengthening of relations between the two countries. [FL191651 Havana Domestic Service in Spanish 1200 GMT 19 Dec 81]

SOCIAL ASSISTANCE BENEFITS--The Social Assistance Directorate of the State Committee for Labor and Social Security has announced that as a result of the recently-approved price reform, persons receiving social assistance benefits will get a 2-peso increase beginning January 1982. [FL191651 Havana Domestic Service in Spanish 2230 GMT 18 Dec 81]

UNEAC CONGRESS--The third congress of the National Union of Cuban Writers and Artists (UNEAC) will be held in Havana from 1 to 3 July 1982. [FL191651 Havana Domestic Service in Spanish 2230 GMT 18 Dec 81]

FAR CIVILIAN WORKERS--The fourth congress of the National Revolutionary Armed Forces (FAR) Civilian Workers Union has been scheduled for the latter half of March 1982. This was announced by Bernardo Llano, deputy chairman of the organizing committee. [FL191651 Havana Domestic Service in Spanish 1521 GMT 19 Dec 81]

ENVOY TO GREAT BRITAIN--The Council of State has named Comrade Hermes Herrera Fernandez as ambassador to Great Britain and northern Ireland. [Text] [FL211223 Havana Domestic Service in Spanish 1100 GMT 21 Dec 81]

ENDOCRINOLOGY CONGRESS CLOSES--Sergio del Valle, member of the party Politburo and minister of public health, has closed the first national congress on endocrinology which had been underway since last Wednesday at the Palace of Conventions in Havana. More than 200 delegates and invited guests from 22 countries, including Cuba, participated in the event. The congress discussed 24 topics at large; and 27 special lectures were given and 4 symposiums were held. [Text] [FL141615 Havana Domestic Service in Spanish 1500 GMT 14 Dec 81]

ENVOY TO PDRY--The president of the People's Democratic Republic of Yemen, 'Ali Nasir Muhammad al-Hasani, has accepted the credentials of the Cuban ambassador to that country, (Ulises Estrada Lascalle). During a meeting held in a fraternal atmosphere, (Estrada Lascalle) conveyed to the top South Yemeni leader greetings from Cuba's Chief of State Fidel Castro, and said he was sure the bilateral ties will continue to strengthen. [Text] [FL160233 Havana Domestic Television Service in Spanish 0100 GMT 16 Dec 81]

ENVOY TO INDIA--The Indian vice president receives the Cuban ambassador. Mohammad Hidayatullah, the Indian vice president, today in New Delhi received the Cuban ambassador to that Asian nation, Jose Perez Novoa. Official sources said that the meeting was held in an atmosphere of cordiality and understanding and that the two parties discussed matters pertaining to bilateral aspects that will benefit the two countries and their peoples. The Cuban ambassador was received last week by Prime Minister Indira Gandhi. [Text] [FL151556 Havana Domestic Service in Spanish 1500 GMT 15 Dec 81]

NEW FREIGHTER ARRIVES--A new merchant ship built in Romania has arrived at the port of Havana and will be operated by the Empresa de Navegacion Caribe under the Ministry of Transportation. The 4,025-ton modern ship brings the number of motor ships operated by the firm to 85, consisting of tankers; cargo ships, grain, passenger and cargo carriers; (cometas); tug boats, and barges (patanas), which together with those under charter brings the total number to 101. [Text] [FL101530 Havana Domestic Television Service in Spanish 1304 GMT 10 Dec 81]

ENVOY TO PORTUGAL PRESENTS CREDENTIALS--Portuguese President Antonio Ramalho Eanes has received the credentials of new Cuban Ambassador Carlos Lechuga Hevia. Lechuga was director of the Cuban Foreign Ministry International Agencies. Portuguese Foreign Minister Andre Goncalves Pereira and Cuban Charge d'affaires Juan Cesar Diaz were also present at the ceremony. [Text] [FL171128 Havana Voice of Cuba in English to North America and the Caribbean 0500 GMT 17 Dec 81]

PROTOCOL WITH SAO TOME--Cuba and the Republic of Sao Tome and Principe have signed a protocol on cooperation and technical assistance for 1982. The document was signed by the vice president of the Cuban State Committee for Economic and Scientific-Technical Cooperation and Sao Tome and Principe's foreign trade minister. It covers public health, education, tourism, justice, labor, social security as well as the main branches of the economy. [Text] [FL181427 Havana Voice of Cuba in English to North America and the Caribbean 0500 GMT 18 Dec 81]

CSO: 3020/37

CANDIDATES IN PRESIDENTIAL ELECTION INTERVIEWED

CAN's Anzueto Vielman

Guatemala City EL IMPARCIAL in Spanish 26 Nov 81 pp 1, 10

[Interview with Gustavo Anzueto Vielman at his home; date not given]

[Text] "It is impossible to combat subversion unless the Guatemalan people's basic needs are met."

This remark was made by Gustavo Anzueto Vielman, an architect by profession and the presidential candidate of the CAN [Authentic Nationalist Federation] Party, in an interview with EL IMPARCIAL.

Anzueto answered the three questions that EL IMPARCIAL is asking the four presidential candidates.

The following are our questions and Anzueto's replies:

1. The assertion has been made internationally that the subversive activities involved in a so-called "prolonged war" are being sponsored and spurred on by Marxist governments that are interested in carrying out their plans to expand into and dominate the developing nations? If you become president, what will your administration do to counteract the effects of this aggression?
2. It is also said that there are reasons for social discontent among large segments of our populace because of our slow economic development, which has bypassed social strata that lack education and, therefore, better opportunities. If you are victorious, what measures will you promote to hasten equality of opportunity?
3. Among the reasons why voters stay away from the polls are the claims that previous elections have not been honest and that the government is marked by blundering and a lack of integrity. What corrective steps will you take in government to prevent these things if you win the upcoming general election?

Answers

1) The sequence of events in the process of subversion has been illustrated in El Salvador. First, we saw how they destroyed the country's production capacity, its factories, farms and businesses. This serves two purposes. First, it creates a tremendously high unemployment rate, and second, it takes away a country's ability to trade, so that its economic capacity is destroyed. A country that cannot pay its bills and that cannot give its people jobs is totally vulnerable. With this experience in mind, the government has an obligation to maintain a high level of output to preserve the country's trading capacity so that it can meet all its international trade obligations. Only by maintaining a high employment rate can we begin to talk about combating subversion. Anyone who tries to combat subversion without allowing the country to meet its basic needs is going to find it impossible to secure grassroots support, without which subversion cannot be combated. We have to give our army combat capacity by giving it the best equipment we can get for it. It is highly professional.

We have to realize that this is a world war. We are not talking about the isolated cases of Guatemala, El Salvador, Nicaragua, Cuba or the South American countries that have subversion. This is a worldwide confrontation between the countries that want to be free and the countries that want to be totalitarian.

2) Modern sociology talks about growing expectations, which are based on what an individual or citizen needs at a given moment. What we have noted at present is that the expectations of Guatemalan citizens are both complex and simple.

What Guatemalans want is jobs, secure job opportunities. They want the peace of mind of being able to find a well-paying job and above all the peace of mind that that job will be stable. They want a better future, and parallel to this they are deeply concerned about the problem of security. But they do not separate the two problems: They want jobs and security. They want to be able to leave their homes in the morning with the peace of mind that when they return in the evening, their families will be safe and sound. They want to again believe that when a person has a problem, he can call the authorities and rest assured that they will help him and that they are a guarantee of calm in the country.

Our slow economic progress is not the country's fault. It's not that the country doesn't have the wealth to develop as it ought to. It's the fault of the governments that have made it increasingly difficult for Guatemalans to carry out this development. No country in the world has ever been able to get ahead when subject to obstacles, restrictions and restraints and without incentives.

On the other hand, I can point to many, many instances in which, when there have been incentives for citizens, when there have been benefits for people who work hard, countries, no matter what their level, have developed and gotten ahead, even under adverse world economic conditions. Therefore, I contend, in order to meet the citizenry's growing expectations, we need

an active economy and a productive investment sector, because production is the only way to create job opportunities. There is no other way to create jobs. When governments try to create jobs artificially without boosting production, all they manage to create is inflation. We can see this all over the world. The only way to meet a country's needs is through economic development, and the only way to have economic development is through investment, without the government intervening and making it hard for the country to produce and engage in worldwide competition under favorable conditions. The point is not to distribute the existing wealth because there is not enough of it to go around. The only thing we would be accomplishing would be to create needs throughout the country. The point is to create more wealth, so that there is enough of it that can be made available to all Guatemalans. There can be equality of opportunity. This depends on an individual's capacity to work and make use of such opportunity. What I propose is to give every Guatemalan the same opportunity, so that from that point on it will be his capacity for work that gets him ahead.

3) I will deal with each issue separately. Honest elections have to be guaranteed through new legislation and new systems, as well as through more information on how the so-called voting list is screened. The lists of registered and eligible voters should be published in the most visible locations in all municipalities, so that they can indicate which individuals are unknown, have died or simply do not exist, so that we can begin updating the lists of registered voters. In addition to this, we should come up with a new identification system. The citizen's identification card simply has too many defects. It has been poorly utilized and has ceased to be credible. We should look into what systems other countries have used and see whether they can be employed in Guatemala, so that the identification of citizens can be accurate and so that we can thus clean up the election system and restore credibility in it among the citizens, because they will then participate actively, as they ought to. As far as the lack of integrity in government is concerned, we must change the system whereby an official's discretionary authority is very great. To the extent that discretionary authority exists, there is going to be a lack of integrity to a greater or lesser degree, depending on the level of power. The first thing is to remove discretionary authority. For example, under new tax and administrative systems, when people no longer have to pay import duties and when officials are no longer given the discretionary authority to appraise incoming merchandise, there will be no corruption. When a tax system is simple and easy to monitor, there will no longer be corruption because an official will no longer have the discretionary authority to say whether a fine can be imposed or not or whether a tax can be collected or not.

When there is no longer any need to issue licenses or permits or pay fees, when this discretionary authority no longer exists, the opportunities for corruption vanish, and we can then begin a new institutional stage in which public officials really serve Guatemalans. The next step would be to bring people into government who would help create a system that would put people's minds at ease in terms of honesty in government. Another step would be to amend the bribery law. Citizens should simply be given the opportunity to report such incidents without committing a crime themselves. We must create

the conditions for the citizenry to cooperate. Corruption is caused by those individuals who want to obtain something without fulfilling the legal requirements and by those public officials who allow it. In other words, we have to create the conditions so that the two causes, the person giving and the person receiving, can be controlled. My party, the CAN, has offered to announce its choices for cabinet ministers before the election, so that our citizens can see that our people are totally honest.

FDP's General Guevara

Guatemala City EL IMPARCIAL in Spanish 30 Nov 81 pp 1, 2

[Interview with Gen Anibal Guevara; date and place not given]

[Text] "Voting is a guarantee of the survival of the democratic system."

This comment was made by the presidential candidate of the FDP [Popular Democratic Front] (Revolutionary Party, Democratic Institutional Party and the National Unity Front), Gen Anibal Guevara, in an interview with EL IMPARCIAL.

The following is our interview with the presidential hopeful:

Question: The assertion has been made internationally that the subversive activities involved in a so-called "prolonged war" are being sponsored and spurred on by Marxist governments that are interested in carrying out their plans to expand into and dominate the developing nations. If you become president, what will your administration do to counteract the effects of this aggression?

[Answer] We do know that the subversive groups operating in the underground could have never achieved their present scope unless they had the staunch support of countries with Marxist or pro-Marxist governments and of Marxist or pro-Marxist organizations in the democratic countries.

In the first case, such support comes in the form of training Guatemalans who unquestionably do not love their country, in strategies, military tactics and sabotage techniques, even economic sabotage, in the form of abundant supplies of weapons and money and also in the form of professional terrorists in command positions.

In the second case, there has been a very well-orchestrated propaganda campaign to discredit the country and its authorities, following orders that complement the actions of terrorism and destruction.

But the problem is even more complex. We realize that the foreign and domestic subversive groups operating in the country could not have thrived unless,

through all sorts of deceptions, they had secured the collaboration of Guatemalans who thought that they were acting in good faith and gave them their support. This has been possible only because they have been able to exploit the high levels of social discontent that prevail among much of our population that has not enjoyed the fruits of their economic progress that our country has achieved in recent years.

Looking at the problem this way, in other words, at its multiple roots, during my administration we will act along several channels to counteract the effects of Marxist aggression, as outlined in my government program.

On the domestic front, we will continue to resolutely combat the subversive groups until they are completely eradicated. The guarantee that this will be accomplished is the capabilities of our Armed Forces. We have faith in the high morale of our Armed Forces and in their high level of military readiness, and we will not allow the gangs of terrorists who kill innocent people cravenly and with impunity to wreck our efforts aimed at the development of our country and its people. I must also make the point that combating subversion is the duty of all Guatemalans, and we must therefore act as a single man to do away with it. With regard to this latter point, these subversive groups must realize that their totalitarian ideology and destruction of lives and property are unanimously rejected by Guatemalans, inasmuch as our people want to live in a democratic society and in a climate of peace and tranquility.

But my administration will attack the problem at its roots, which have given rise to the banners that the subversive groups are waving. To this end, we have worked out a social and economic development policy that I am determined to implement when I become president of the republic. I will talk about it in my answer to your second question.

On the external front, we will make use of every international forum to courageously speak out against the attacks aimed at our country, with direct evidence concerning the countries and organizations that want to bring us within the Marxist orbit.

Along with this, we will wage a mass media campaign in the countries in which the propaganda attack by Marxist or pro-Marxist organizations has been focused, to make these nations realize how they have been deceived and to reveal that this has been an orchestrated campaign to discredit us, on orders from international communism.

On a multilateral level, we will join efforts with the countries that are faced with similar problems of outside aggression, especially the countries of Latin America and the Caribbean, to speak out in a joint, coordinated front so that the rest of the nations of the Western World realize the threat to peace in the hemisphere that the aggressions of international Marxism entail.

On a bilateral level, we will send duly documented missions to speak to government authorities, senators and congressmen, business groups, unions, universities

and political organizations to convey to them our country's true image as a nation striving to emerge from underdevelopment along the path of the democratic, freedom-loving tradition that is the heritage of noncommunist nations, so that we can thus secure recognition of and backing for our struggle against communist aggression.

In every case we will make it clear that the battle against aggression has forced a poor country like Guatemala to divert funds that could be used to boost its inhabitants' living standard.

Question: It is also said that there are reasons for social discontent among large segments of our populace because of our slow economic development which has bypassed social strata that lack education and, therefore, better opportunities. If you are victorious, what measures will you promote to hasten equality of opportunity?

[Answer] As I mentioned in my response to the first question, my government program contains a social and economic development policy that is designed to attack the roots of political and social tensions in our country. We are not unaware that there is a high degree of social discontent here, because even though Guatemala has had sharp economic growth over the past two decades (and this growth is clearly visible), it has not translated into widespread well-being for the entire population. Thus, there are large groups of our fellow countrymen who are not enjoying the fruits of progress.

In this vein, it is my administration's firm intention to create the economic and social conditions that will immediately assure progress and well-being for Guatemalans. Therefore, we are offering new opportunities for every head of family to bring home the fruits of his labor every day of the year. This will be possible because we are promising to create job opportunities that will enable people to have enough income to meet their basic needs, mainly food, clothing and housing.

Our method of achieving this is based on the complementary action of the private and public sectors. We will support and give incentives to the private sector so that it invests and provides jobs for more Guatemalans. I am talking about private investment in agriculture, industry, construction, tourism, commerce and services.

In the case of the public sector, certain areas that have traditionally been its jurisdiction would provide additional job opportunities under our proposed approach. These areas are: the safeguarding and preservation of our natural resources (forests, soil and water) and public works.

With regard to natural resources, reforestation takes on particular importance, because we will employ thousands of rural workers in this task, mainly in the regions in which the population density is the highest, such as the plateau. The reasons for reforesting the country are obvious and have to do with its impact on our water resources system and on soil conservation. In connection with soil conservation, the construction of terraces would be another source of jobs, as would be the building of small dams to furnish water during the dry season.

With regard to public works, the building of access and local roads will also provide jobs in the interior of the country, because this will be a labor-intensive activity. We can say the same about the projects that will help to enhance the quality of life, especially in the countryside, such as the provision of drinking water, the construction of sewerage, markets, slaughterhouses, schools, health care centers, housing, etc. Large- and small-scale irrigation projects warrant special mention, because not only will people be employed in building them, but they will also enable small farmers to keep busy all year-round, not just during the rainy season, as is the case now. They will thus be able to harvest two or more crops and earn more income, which will thus also resolve the problem of underemployment in the countryside.

We will help in other ways as well, such as by providing timely and flexible credit, fertilizers and pesticides at cost, technical assistance and the training to make use of it.

We will attach particular importance to land awards in resolving seasonal unemployment problems in the countryside. To this end, we will set up a farmland reserve to distribute lands among peasant farmers who have none, and we will also merge small plots to create integrated, profitable production units run as cooperatives or some other arrangement tailored to the needs of small farm owners.

The local and access roads that I mentioned will play a primary role in all this, because they will facilitate the flow of increased farm output to the consumption centers and the processing units that we will be promoting, which are known as agroindustry.

As you can see, everything that I am talking about is concerned mainly with giving jobs to as many Guatemalans as possible, because unemployment is our country's most serious problem at present. But providing Guatemalans jobs goes much further, because by providing them with income, we will be giving them purchasing power, which will translate into demand for goods, and if to this we add the demand for construction materials for all of the public works that we are planning, we will be making a decisive contribution to getting the country's economy moving again.

Again as far as better opportunities for our fellow countrymen are concerned, we are determined to tailor schooling to the needs and requirements of the environment. In other words, primary schools will educate people for jobs, thus helping to meet the people's and the country's real needs in this regard. We can say the same thing about health care services, inasmuch as we plan to place more emphasis on preventive than on curative medicine. In this regard, environmental cleanup and nutrition programs will be assigned the utmost importance under my administration.

We should note that the kind of education and health care programs that we will promote will give rise to a new man in Guatemala, physically fit and intellectually prepared to undertake the tasks entailed in the development that we all want for our homeland.

Question: Among the reasons why voters stay away from the polls are the claims that previous elections have not been honest and that the government is marked by blundering and a lack of integrity. What corrective steps will you take in government to prevent these things if you win the upcoming general election?

Answer: I cannot fail to mention that the claims that elections are crooked are very often made by groups that are not too sure of how much real support they have among our citizens.

I am aware, however, that there has been a high degree of absenteeism among the voting age population at elections in recent decades. I feel that the Guatemalans who have exercised their right to vote are the ones who really have a full awareness of their civic duties and rights. I also feel that another cause of absenteeism is current election legislation, which is obsolete. As an example, I could point to the bothersome process of securing the documents required to cast one's vote. To the extent that things are made easier, more and more Guatemalans will be going to the polls, and therefore our elections will be less open to criticism.

I believe that the vote of each citizen is a guarantee for the survival and enhancement of the democratic system under which we want to live. Therefore, in our election campaign we are calling on people to cast their votes, and I think that we are the only ones who are trying to create this awareness among our citizens so that they voice their desires and select the candidates that can best fulfill their ambitions of personal advancement, on the one hand, and move the country as a whole forward, on the other.

In keeping with my patriotic commitment to Guatemalans, my administration will foster broader participation in elections through the following steps:

In the first place, I will propose amendments to existing election legislation to the Congress of the Republic. I might even submit completely new legislation tailored to current conditions in our country and, of course, with a view to the future, in order to guarantee a true democracy that represents the feelings of the majority of our people.

Secondly, we will undertake an intensive campaign to bolster the civic awareness of every Guatemalan. In this regard, we will make use of our schools, because we regard them as the most appropriate vehicle for this purpose, and I am talking about schooling at all levels, mainly literacy, primary and secondary schools, with the introduction or bolstering of civics instruction to make children and young people aware of the importance of voting, so that when they reach voting age, they will regard it as a civic right and duty.

As far as integrity in government is concerned, my government program demands total dedication and honesty from public officials in running the affairs of state and forbids the improper use of the people's money, because each cent that the public sector spends must be spent properly to benefit all Guatemalans. I also promise to strictly enforce the Purchasing and Contracting Law by inviting competitive bids for all government purchases.

In this regard, we will once again request the cooperation of all citizens, because as I have said in many speeches, corruption is a two-way street, inasmuch as the person who asks for or receives the money is just as guilty as the one who gives or offers it. We will ask people to report all such cases and we will be inflexible in enforcing the law equally with respect to everyone, from the highest official to the civil servant on the lowest rung of the administrative ladder, as well as private citizens. .

Maldonado Aguirre of PNR, DC

Guatemala City EL IMPARCIAL in Spanish 3 Dec 81 pp 1, 10

[Interview with Alejandro Maldonado Aguirre; date and place not given]

[Text] "Guatemala needs education, health care, housing, farm productivity and government decentralization to tackle its underdevelopment."

This remark came during an EL IMPARCIAL interview today with attorney Alejandro Maldonado Aguirre, the presidential candidate backed by the Christian Democratic and National Renovation parties.

The following are our questions and Maldonado's replies:

Question 1: The assertion has been made internationally that the subversive activities involved in a so-called "prolonged war" are being sponsored and spurred on by Marxist governments that are interested in carrying out their plans to expand into and dominate the developing nations. If you become president, what will your administration do to counteract the effects of this aggression?

Question 2: It is also said that there are reasons for social discontent among large segments of our populace because of our slow economic development, which has bypassed social strata that lack education and, therefore, better opportunities. If you are victorious, what measures will you promote to hasten equality of opportunity?

Question 3: Among the reasons why voters stay away from the polls are the claims that previous elections have not been honest and that the government is marked by blundering and a lack of integrity. What corrective steps will you take in government to prevent these things if you win the upcoming general election?

Responses to EL IMPARCIAL Questionnaire

1. Guatemala and El Salvador are in the midst of a situation marked by subversive activity and chronic violence, and conditions in El Salvador have, at times, become extremely serious. These developments have considerably impaired

national morale, the country's economic capacity and the State's effectiveness as a provider of security. Worse yet, these developments could seriously compromise Guatemala's independence and sovereignty.

The forces that are engaged in armed subversion have obviously received political and material support from overseas. In order to counteract such intervention we must: a) Modernize and effectively support our security forces by preparing them for a broader military confrontation; b) Legitimize our political system by making it electorally representative; c) Implement a social development program that will lessen domestic tensions, and d) Pursue a foreign policy, which we have lacked in recent times.

The resumption of our traditional foreign policy should give Guatemala prestige and the initiative vis-a-vis governments and international organizations, as well as major segments of public opinion. Our idea of a new beginning necessarily entails a change of the political guard and constitutional legitimacy, which are the best ways to gain respect in the eyes of the world community.

2. The problems of underdevelopment, including critical poverty, have given rise to an ideology of violence among ever larger segments of the country.

We must counteract this by reinforcing an entire system of democratic, nationalist ideas. Furthermore, in the area of social development, the party is calling for five immediate steps: a) educational reform, b) a national health care program, c) a housing program, d) agricultural production and productivity, and e) government decentralization.

3. With regard to cleaning up elections, we can offer as our strongest guarantee the unmistakable democratic spirit of our party, which has voiced its preference for dialogue rather than violence and respect for the dignity of man rather than fanaticism and factionalism. We intend to carry out fundamental reforms of the electoral system, reforms based on the decentralization of decision-making, so that the municipal and departmental election boards can announce election results within 24 hours after the voting. This would prevent tampering with the ballots and books.

With regard to integrity, the quality of our politicians in the Renovation cause is also a guarantee. In addition, however, and in practical terms, we will try to introduce the concept of openness (public hearings, publications, information, rewards, streamlined monitoring and other mechanisms).

In the final accounting, a change of the guard is the best way to combat corruption, because new people are more sensitive to monitoring by public opinion, which is the best judge of honesty among public officials.

MLN's Sandoval Alarcon

Guatemala City EL IMPARCIAL in Spanish 7 Dec 81 pp 1, 7

[Interview with Mario Sandoval Alarcon; date and place not given]

[Text] "Guatemala needs to aggressively develop its oil resources in order to overcome its economic problems."

This was stated today by MLN [National Liberation Movement] presidential candidate Mario Sandoval Alarcon, in response to three questions that EL IMPARCIAL has posed to the four presidential hopefuls.

The following were Sandoval Alarcon's replies:

Question: The assertion has been made internationally that the subversive activities involved in a so-called "prolonged war" are being sponsored and spurred on by Marxist governments that are interested in carrying out their plans to expand into and dominate the developing nations. If you become president, what will your administration do to counteract the effects of this aggression?

[Answer] I am glad that there is an international awareness about Marxist aggression, inasmuch as for a long time my party and I were the only ones to speak out against such aggression.

Guatemala belongs to the group of nations that want to live in freedom but it must take up the rights, duties and risks of its geographic and historical orbit.

In view of this, our attitude towards the U.S. Government will be one of open, cordial and strong friendship. We neither want nor accept paternalism or intervention. We want honest friendship, cooperation and fair treatment, a relationship of mutual esteem in which friend helps friend, nothing more.

The National Liberation government will foster friendship with all nations to the extent that they operate under a political system akin or similar to ours. We will seek relations with the Arab countries, which we have never done before, countries with which we have ties of blood, language and history. We will reach out to highly developed nations with advanced technologies, such as South Korea, Nationalist China and South Africa, an enormous power.

If responsibility itself creates rights in addition to duties, Guatemala must take action in Central America, not with a view towards an absurd hegemony, which would cause us to stray from our honorable intentions, but in response to an enormous need for self-defense and as a show of loyalty to our centuries-long links throughout all the vicissitudes of history.

Cuba and the countries in its orbit, which are enemies of our country, should know that Guatemala is prepared to counter, blow for blow, any attack they launch on us.

My administration will act on two fronts, at home and overseas. Abroad, we will employ diplomacy, by strengthening our relations with the countries that uphold our ideology and by promoting reciprocal aid treaties and agreements to combat subversion.

Here at home, we will update our army's weapons, expand its ranks and prepare it properly to combat the guerrillas. We will take the necessary measures to stop other countries from serving as sanctuaries for the communists. We will achieve peace by defeating the guerrillas and we will promote investment to get the country's economy moving again.

Question: It is also said that there are reasons for social discontent among large segments of our populace because of our slow economic development, which has bypassed social strata that lack education and, therefore, better opportunities. If you are victorious, what measures will you promote to hasten equality of opportunity?

[Answer] The question's proposition, that there has been slow economic development, is not true, because Guatemala's economic growth over the past 27 years has been among the fastest in Latin America and the world. Our gross domestic product over this span has increased an average 5.4 percent a year in real terms, which is faster than our population growth rate of 3.2 percent, and therefore, in absolute terms, Guatemalans are richer today than 27 years ago. The second part of the premise is true, however, inasmuch as the effects of our economic growth have not reached our entire population. There are two main reasons for this. First, there is a lack of culture and education, and second, there is a shortfall in jobs creation, mainly because of a low rate of private investment. I will spur our human resources development to create more opportunities, I will reduce illiteracy, I will cover Guatemala with classrooms, as I said in my presidential nomination acceptance speech, and I will promote private investment as a source of wealth, especially in agro-industry.

I would be guilty of demagogy if my response did not address our country's critical situation: international isolation, a low rate of private investment, a loss of our traditional financial strength and social deterioration caused by subversion.

The way to resolve these problems is to aggressively develop our natural resources, oil specifically. We will set up a development fund whose proceeds we will use to finance economic growth and the human infrastructure of schooling, health care, nutrition, housing and family planning. We will also back the international financial support plan for private enterprise that the wealthy nations, especially the United States, are pushing for.

Question: Among the reasons why voters stay away from the polls are the claims that previous elections have not been honest and that the government is marked by blundering and a lack of integrity. What corrective steps will you take in government to prevent these things if you win the upcoming general election?

[Answer] I would substantially amend the electoral law, completely review the current voter lists and then create a single identification card to replace the citizen's identification card, the citizenship booklet or any other identification document, including passports. Each citizen would have a number assigned to him that he would use throughout his life.

We would also have to review and update General Ubico's old "integrity" law and make use of every technical resource to detect any lack of integrity in public officials. We would also have to enact a law to reward administrative efficiency. A proper selection of officials and employees at all levels will immediately result in a more efficient administration and create confidence among the citizenry. I think corrupt officials are as damaging as incompetent or dimwitted ones who are featherbedding or have gotten their jobs because of their pull. The two laws will be complementary, and if they are both unconditionally enforced from the president on down to the lowest-level civil servant, we will put an end to this situation. The solution is honest, capable people.

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CSO: 3010/496-497

GUERRILLA ACTIVITIES IN COUNTRY REPORTED

Army Communique

PA181716 Guatemala City Radio-Television Guatemala in Spanish 0400 GMT 17 Dec 81

[Excerpts] An army communique reports that this morning an armed group attacked [word indistinct] canton, Chichicastenango, and killed two citizens and kidnapped several residents. One of the members of the families attacked was able to escape and inform a military patrol operating in the region which engaged the guerrillas in combat.

The survivors of the guerrilla incursion made a dramatic explanation of the moments they lived through during the attack. Search operations are continuing in the area since it is believed that the attacking group involved approximately 30 men.

The military patrol that engaged in the fighting seized a considerable amount of arms consisting in one machinegun, U.S. and Soviet made grenades, homemade grenades, explosive materiel, knapsacks, shotguns and ammunition.

Residents of [word indistinct] have gone to the local military detachment where they are receiving care from specialized personnel.

It has been reported that among the 17 dead there could be one or two guerrillas squad commanders, judging from the type of weapons they had.

Guerrilla activities in the region have resulted in migratory movements and in the formation of refugee camps. These refugees seek protection and at the same time cooperate with the authorities.

National Defense Minister Gen Rene Mendoza Palomo commented on the clash that resulted in 17 dead subversives and 5 wounded soldiers.

[Begin Mendoza recording] It was a guerrilla attack. I think you will be going to the site and you will be the best witnesses to be able to report to the people on the use of a path that has no reason for existing since [words indistinct] the Guatemalan people reject them. [End recording]

The defense minister did not discard the possibility that the latest attacks carried out by the antigovernment forces in this capital could represent the return of the urban guerrillas.

[Begin Mendoza recording] [Word indistinct] a factor that they could have been helping in the countryside and could again be returning to the capital, but [words indistinct] they can appear anywhere, in urban and rural areas, but we will fight them in either areas as we have been doing. [End recording]

The defense minister appeared optimistic about the results of the antiguerrilla action because anarchy has made the people of the plateau tired of living in uncertainty.

[Begin Mendoza recording] The families are again returning to their place of origin and agricultural activities in the area are again reviving and the people completely trust the army because they now understand who their friends are and who their enemies are. [End recording]

Finally, the defense minister said that the tactics used by the subversives is one of the factors that has contributed to the large number of desertions among the guerrillas operating in the plateau.

[Begin Mendoza recording] Undoubtedly, they had fooled the people. The people don't share their ideas and we know that most of these people have realized that they have been fooled. They were promised things and those promises will never be kept. What the guerrillas have done to these people, in disappointing them, has benefited us. [End recording]

Clash in Alta Verapaz

PA192211 Guatemala City Cadena de Emisoras Unidas in Spanish 1230 GMT 19 Dec 81

[Excerpts] Eight guerrillas and 2d Lt (Fabian Enrique Garcia de Leon) have died in a clash between a military patrol and subversives, according to an official bulletin.

The clash took place yesterday near the La Sultana farm, in the area of (Yaltemex), Alta Verapaz Department. Eight guerrillas and Lieutenant (Garcia) died in the fighting. The military patrol immediately searched the area and was able to seize weapons, ammunition, knapsacks and explosives.

The Guatemalan Army presented its heartfelt condolences to the relatives of the deceased officer and urged them to put their faith in God.

The guerrillas had not staged raids in the oil area of (Yaltemex), Alta Verapaz, for several months after having suffered a serious setback at the hands of the army.

The area raided by the guerrillas was the oil area of Rubelsanto. They first placed a bomb at a water pump and later blew up stretches of the oil pipeline on two occasions. However, they had left the area until yesterday, when they clashed with the army, with obviously unfavorable results.

CSO: 3010/522

PAPER REPORTS PROMOTION OF SENIOR MILITARY OFFICERS

PA172132 Guatemala City PRENSA LIBRE in Spanish 11 Dec 81 p 2

[Text] Minister to Rank of Major General; Police Director to Rank of General

A bill promoting Brig Gen Luis Rene Mendoza Palomo to the rank of major general was approved by congress yesterday after its first reading. The bill also promotes Infantry Col German Chupina Barahona to the rank of brigadier general.

The bill was submitted by the National Defense Committee, chaired by Deputy Cesar Augusto Davila Menendez, at the request of President Lucas, who sent a note to congress 2 days ago seeking these promotions.

Lucas made the proposal pursuant to Article 217 of the constitution of the republic and to Articles 35, 86, 95 and 97 of the army's constituent law.

The Defense Committee concluded that General Mendoza Palomo and Colonel Chpina Barahona meet the requirements set by the army's constituent law and have the required qualifications to receive the promotions.

The bill also provides that the basic salaries, allowances and subsidies for the officers being promoted will be established in accordance with the army's law.

Five Other Generals

A bill promoting Col Marco Antonio Rene Bustamante Escobedo, aviation; Col Oscar Rodolfo Ouyun Medina, engineers; Col Luis Joaquin Gonzalez Amezquita, engineers; Col Julio Ramiro Marroquin Perez, cavalry; and Col Carlos Augusto Morales Villatoro, aviation, to the rank of brigadier general was also passed by the plenum yesterday after its second reading.

CSO: 3010/522

BRIEFS

SECURITY FORCES FIGHT EXTREMISM--The government and Interior Ministry have warned that the security forces are fighting and will continue to fight against the clandestine factions. Officials of the government and Interior Ministry indicated last night that the security forces are acting on instructions from the government of the republic to fight the clandestine factions regardless of the nature of their extremism. They said so in connection with the emergence of a new organization. According to the ministry's spokesmen, special police agents are investigating the alleged appearance of a self-styled people's resistance committee [comite de resistencia popular] which claimed credit Tuesday night for the murder of San Carlos University Rector Mario Augusto Dary Rivera. The authoritative ministerial sources said that the attack that cost the life of the university rector is believed to have been the work of extremist student groups which have claimed credit for several terrorist attacks in the last few months. Nevertheless, the ministry refused comment on the status of the inquest into the rector's assassination. [Text] [PA181824 Guatemala City Radio Nuevo Mundo in Spanish 1200 GMT 18 Dec 81]

CHRISTIAN DEMOCRATS' PRESIDENTIAL CANDIDATE--"We will never act like conquerors or masters; we will always be modest and courageous in serving Guatemala," Alejandro Maldonado Aguirre, presidential candidate of the Opposition Union [Union Opositora], said on being nominated presidential candidate in the special convention of the Guatemalan Christian Democracy [DCG]. Maldonado said that this modesty and courage is the "basis of the struggle and effort inherited from the Christian Democratic martyrs and because of them we will have a government of spartan virtues, a government ready to make this a just country led by courageous and conscientious men." The special convention of the Christian Democrats was attended by 237 delegates representing 500,000 DCG members and supporters to proclaim Alejandro Maldonado Aguirre and Roberto Carpio as their presidential and vice presidential candidates. The convention was held in a movie theatre in Zone Three of Guatemala City. DCG Secretary General Vinicio Oerezo swore in the candidates of the Opposition Union, Alejandro Maldonado Aguirre and Roberto Carpio. During the event, Alvaro Arzu was also nominated candidate to the Guatemala City's mayor's office. [Excerpts] [PA201636 Guatemala City EL IMPARCIAL in Spanish 14 Dec 81 pp 1, 8-A]

ARMS SMUGGLING UNDER INVESTIGATION--The security forces have reported that they are investigating a large-scale smuggling of weapons from Belize to Guatemala and that probably most arms and ammunition for the communist guerrillas have arrived in Guatemala this way. Belizean (Cliffor Alexander de Paz) was arrested

at [name indistinct] Port in Izabal Department, while carrying a large quantity of weapons and ammunition. The authorities are now looking for 10 other people, most of whom are Guatemalans. They are suspected of involvement in this crime. The authorities believe that the smugglers are selling the weapons to the subversives who are operating in Guatemala. Therefore, they are actively working to arrest the culprits. [Text] [PA191759 Guatemala City Cadena de Emisoras Unidas in Spanish 1230 GMT 19 Dec 81]

NEW GOVERNMENT TRANSMITTERS--Radio Nacional de Guatemala will install new relay transmitters on a mountain near Guatemala City. This is being done so that this state-owned station can be heard clearly throughout the nation. [PA190120 Guatemala City DIARIO DE CENTRO AMERICA in Spanish 14 Dec 81 p 3]

PROSCRIPTION OF NUCLEAR WEAPONS--The Guatemalan Congress has approved a resolution adhering to the request of other Latin American countries in regard to the proscription of nuclear weapons in the area, saying that there is no need for any Latin American country to join the arms race. [Text] [PA190120 Guatemala City Radio Nuevo Mundo in Spanish 1200 GMT 16 Dec 81]

CSO: 3010/522

NUNEZ REPORT ON CONCLUSION OF LEGISLATIVE PERIOD

Managua EL NUEVO DIARIO in Spanish 6 Dec 81 special insert unnumbered

[Report by the president of the Council of State, Carlos Nunez Tellez, given on 4 December 1981]

[Text] Report by the president of the Council of State, Commander of the Revolution Carlos Nunez Tellez, at the close of the second legislative period. Formal closing session, Ruben Dario People's Auditorium, 4 December 1981, Year of Defense and Production.

Seven months have elapsed since 4 May, the Day of National Dignity. On that date, in this very place, the second legislature of the Council of State was officially opened. On that occasion, we asserted that the experience of the previous period must help us to make qualitative gains and to clearly establish the goals for strengthening the revolutionary state, particularly with regard to the two fundamental policy lines devised by the organs of the revolution for 1981: defense and production.

We must say that the goals were quite ambitious; but, for revolutionary wills, there are no impossible tasks, inasmuch as an entire people are the author and beneficiary of the political, economic and social transformations which occur in a popular, democratic process such as ours.

The Council of State has begun to take its first steps toward institutional maturity. Owing to its essence, during its 2 years of executorship it has gained sufficient force and popular entrenchment to be considered one of the institutions with the greatest prestige and recognition in the Sandinist popular revolution. The fact is that the strength of the Council of State lies in the people, and its authority stems from the people, who are the source of all power.

It is fitting for us to realize that the Council of State is making increasing progress in its legislative capacity, and is acquiring increasingly higher levels of organization, specialization and professionalization, which are leading our entity to a prominent position in the group of Latin American nations as a result of the persistent effort of the representatives from the various agencies comprising it, the international recognition that it has gained, the backing offered by the state institutions, the perseverance of its members even at the most difficult times and its willingness to hear criticism and take it into account on the proper occasions. Thus, all of this has made the Council of State a genuine offspring of the Nicaraguan people's revolution.

All the active forces of the nation are represented on the Council of State, because the exercise of participation in a democracy such as ours is inconceivable apart from the expedients that the revolution has created. Hence, experience itself has proven the mistake made by those who wanted the Council of State to lose its democratic, deliberative nature, in November 1980, when 11 representatives withdrew from membership therein. Quite the contrary: rather than becoming weak, it grew strong, and showed the world that it had acquired an impressive vitality (attested to by the international community and the national consciousness), which is a result of its activity, from which we are now learning many lessons that are understandable only if one considers the democratic nature of the people's management and the revolutionary principles guiding their action.

During the past 7 months, these controversial debates and this responsibility that is increasing day by day have taught us that, in a country where a revolution has come into existence, the organizations become increasingly strong in the degree to which their fundamental forces are products of the development of their political and economic action.

As for democracy:

It is inconceivable apart from the context of the revolution, or excluded from the institutions which the revolutionary state has created to implement the principles of political pluralism. No political organization can play its role in the revolutionary process apart from the levels of participation, because that would mean denying their reason for existence.

Democracy entails the people's progress in their socioeconomic changes; it entails the intensification of the process of political institutionalization, through its own organizations, raising aloft the slogan of intensifying the revolutionary process that is under way, whatever its ideology may be.

Democracy is not merely confined to the exercise of suffrage, but rather must be conceived as the people's constant participation in political, economic and social decision-making and management.

Democracy cannot be attained through a decree-law; it is constructed in the extent to which each political organization adopts the essential principles of the revolution.

In these times, democracy is a defense of peace and liberty achieved with the dignity of the sovereign people.

Democracy is reflected in the historic challenge of combining in a revolution the political system, the economic system and the social system as a single bloc, so as to guarantee, through real actions, the people's sovereign desire to live in a completely free society.

Hence, the participation does not occur apart from but rather within the institutions, to influence the changes.

We claim with gratification that we have fulfilled what we initially proposed, insofar as we were able.

Our effort was aimed at responding to the appeal to strengthen defense and production. We kept the commitment to exceed the goals attained during the first legislature. The account that we shall give today proves that the Council of State demanded more of itself during this period, had greater contributions and made a significant contribution to the process of institutionalizing our revolution, and strengthening the revolutionary state's legal channels and its principles of national unity, political pluralism and mixed economy.

This administration is actually reflected by the 73 laws and decrees approved by the Council of State in 1981, the most prominent features of which were the following:

I. Work Areas:

1. Economic Area:

It is imperative to begin this report by mentioning the law on agrarian reform introduced by the Junta of the Government of National Reconstruction. Its style, debate and approval constituted an historic event of great significance to our revolution. In essence, this law is intended:

To guarantee an increase in agricultural-livestock production within a framework of a mixed economy, backing the efficient producers and allocating the land which is not being used productively.

To raise the living standard of the poor farmers, giving them an opportunity to work on a larger expanse of land.

To reduce unemployment in the rural areas, by guaranteeing access to land for those who can work on it.

To eliminate the old mechanisms of exploitation in the rural areas which operated through leasing, and which we know by the names of sharecropping, partnership and tenant farming.

To back the transformation of the production structure, with an attempt to strengthen the APP [People's Property Area], to develop the cooperatives in the rural areas, to promote organized types of mixed production; all of which are essential goals worthy of recognition, because they entail getting to the roots of the exploitation which prevailed in Nicaragua up until the victory.

This law also shaped the popular nature of our revolution, in the sense that it will allocate the land which is not being used properly. In addition to guaranteeing the efficiency of the productive land, this will help to construct a core of social property with which it will be possible to devise a strategic production plan and to gradually transform the current model of economic development into one that will really address the reality of Nicaragua and lead it to liberate itself from foreign dependence. This measure will also enable the Government of National Reconstruction

to establish policies on the use and development of land, financing, cooperativism, etc.; in other words, to establish a new productive order that will eliminate the large landed estates germane to the oligarchical system which prevailed in Nicaragua.

To legislate on agrarian reform in a country wherein we know that its implementation will directly benefit the entire pace of agricultural development, which was previously based on cruel exploitation.

This has led to the establishment of new legal measures aimed at consumption and the work force, at the creation of new taxes and bank regulations, and at the strengthening of the cooperatives. All these are measures which have also been adopted by the Council of State in other laws which were passed as part of a single plan of which agrarian reform is the central core.

We underscore the law on cooperatives, which is merely the practical means of fulfilling the social objectives of the law on agrarian reform, of guaranteeing the farmer's complete incorporation into the national plans for agricultural-livestock development and of enabling him to exercise his right to make a decent living from working the land.

Essentially, by means of this law there are established two voluntary types of association, under the state's protection, as national cooperative movements: that of the small and medium-sized owners who become associated to receive services, loans, technical assistance, marketing of products, etc.; and that of those who associate their properties and direct work to improve their efficiency and productivity.

Its importance lies in the fact that it is one of the few laws with a highly educational essence, because it is not limited to mere expressions of specifications or penalties. Its criterion is broader; it contains an entire concept of the economic significance, the functions and the types of organization of cooperativism, under the concrete conditions in our country, as well as the degree of real benefits for medium and small-sized producers.

We must make special mention of the law to avert and combat capital depletion; a law the spirit of which, based on the protection of our people's interests, reflects the political desire to guarantee the mixed economy and to raise production. With it, there are established the groundrules for putting an end to the flight of capital and to the treacherous behavior which a small group of unpatriotic business owners have, for over a year, made a daily practice, thereby damaging the revolution's economic interests.

We give a reminder that, in the first attempt of the Junta of the Government of National Reconstruction to check the maneuvers aimed at reducing the assets of the business firms, and hence the social assets that are the result of our people's toil, experience proved that the capacity to be evasive and to create all kinds of tricks to sabotage their firms and to boycott the national reconstruction process exceeded the effectiveness of a decree.

However, when confronted with the continued crime, exacerbated by circumstances, we observed that the validity of the legal regulations was being reduced, and required truly effective changes, such as the following approved by the Council of State:

- 1) A total conceptualization was made of what capital depletion is.
- 2) The area of its implementation was specified.
- 3) The penalties for those who commit this criminal act were categorized more stringently.
- 4) A new procedure was established, ranging from the charge to the sentence, and including submission of evidence, right to defense, etc.
- 5) Finally, this law affords a legal channel for action aimed at changing the production relations through de facto means.

Supplementing the laws of an economic nature, there was also the passage of the law on appraisal for the execution of public works or improvement, as well as those on tax fraud, exchange crimes, the selective tax on consumption and the extension of deposits in foreign currency, the law regulating crimes of misappropriation, fraud and embezzlement, etc.

The law on appraisal for the execution of public works or improvements represented a step forward in the state's potential for procuring more funds to bridge the fiscal gap, by enabling it to recover part of the investments made in infrastructural works without harming the poor sectors of our people; because this law will be applied essentially to those who benefit from these works projects and who have the ability to bear the cost of part of them as payment for the new appraisal of their properties.

Also within the context of the protection of our economy with the law on tax fraud, we think that we have taken a constructive step in the battle against the evil of tax fraud, something deeply rooted in the corrupt habits which typified the Somoza dictatorship and which still persist. Although it is true that only an efficient tax administration and the people's acquisition of awareness can reduce the commission of this crime associated with unscrupulous taxpayers, it is likewise true that tax fraud is a criminal act detrimental to the legitimate right of our people to obtain (through the revolutionary state) the satisfaction of their just demands regarding health, education and other necessities that the state is dutybound to meet.

To counter these defrauders, the revolutionary justice system needed a law which had to be established as an instrument aimed at eliminating tax fraud as a social phenomenon, reducing it to the proportions of an isolated incident.

Reciprocally, and supplementing the law on tax fraud with the passage of the law to regulate crimes of misappropriation, fraud and embezzlement, greater guarantees for the legal process have been afforded to penalize the other portion: the public officials who commit such crimes and who, owing to the shortcomings in our penal process legislation, had been acquitted by the juries despite the existence of evidence against them. With this new law, they are subjected to the procedure of the law on maintenance of public order and security, which authorizes the judges dealing with law to hand down sentences in a far simpler process, which we have no doubt will help to purge public administration.

Finally, the law on exchange crimes will also help to establish a stringent administration of foreign exchange, exercising strict control over the purchase and sale

thereof. This is one of the most important measures affecting the external sector of our economy, which has been hurt by progressive deterioration in terms of commercial exchanges with the developed countries, the high cost of fuel, and the need to import large amounts of equipment and materials for use in the productive area, as part of the government's reconstruction plan. Hence, this law is not only important, but necessary, to recover from the damage suffered during the war of national liberation, and to surmount the structural limitations in the external area which cannot be modified over the short term.

3. Political Area:

Regarding the political area, as part of the policy line for institutionalizing the revolutionary process, and within the context of pluralism, we note that it is replete with laws granting legal status to various organizations. This indicates that the society is taking qualitative steps toward levels of organization that will enable the various groups to better meet the objectives and perform the functions for which they have been formed. Organization is also reflected in the law regulating professional practice, one of major political essence, affording the legal framework for regulating the practice of a large, influential sector of the population, namely, professionals.

Besides observing our people's organizational progress in these laws, the Council of State, granting legal status to various associations, thus established Article 24 of the Statute of Rights and Guarantees, which stipulates freedom of association for lawful purposes and the state's power to offer legal ex. cence to any association. Among the associations recognized by the Council of State, we find the most varied examples, such as professional, cultural, research and religious associations. Each of them is non-profit, with individual features, and hence with certain requirements that they have met so that the state may recognize their rights and impose obligations on them as legal entities.

Added to these political laws is the law on nationality, aimed at protecting our fatherland, since it establishes the legal and political bond that links a person with a particular state, entailing essentially the citizen's loyalty to his fatherland, and duties and rights for both the citizen and the state.

Also, as part of the law, and based on the policy line of strengthening the fatherland's defense, despite protests from some sectors, our people have been clearly reminded of the fundamental obligation to fulfill the prime and most sacred duty: the defense of the fatherland against any foreign aggression, calling for loss of nationality for those who betray it or refuse to defend it.

We joyfully declare that the law of grace passed by the Council of State of the Republic of Nicaragua sets a major precedent in Latin America, both because of the one that must execute it and because it is more magnanimous than the other acts of clemency. With it, the revolutionary government has legalized and established regulations for one of the features of this revolution: Sandinist magnanimity.

The law of grace empowers the Council of State to exempt, reduce or commute the penalties imposed on those convicted or on persons being tried for having committed common crimes or acts against the Sandinist Popular Revolution, or declared prisoners of war for crimes against the Nicaraguan people during the Somoza dictatorship.

It should also be noted that this right called pardon which the Junta of the Government of National Reconstruction had been exercising, and which has now been transferred to the Council of State called the "law of grace", is considered by most scholarly writers to have an implementation relating to the constitutional or political area, and not to that of criminal law. The Council of State has this authority, as the most concrete expression of the political desire of the organized people; a people who now, in the final analysis, bear the great responsibility for deciding on the exemption from punishment of those who are guilty.

The law on procedure for the maintenance of public order and security combines the policy line of strengthening the defense against the internal counterrevolution with that of the revolution's deep respect for human rights of prisoners, particularly the sacred right to defense; because it expands all the terms established in the process, and offers a guarantee for those tried and, in general, for better administration of justice.

Continuing in the political area, we must point out that the bill on political parties submitted by the delegation from the Sandinist National Liberal Front is of major significance, and was the most important of the laws in the political area; a bill which, in its desire to insure the effectiveness of a revolutionary plan, seeks to guarantee the existence of the political organizations with deeds and not words, by acknowledging their rights, and always seeing to it that such activity is carried out according to the rules of respect for the revolutionary institutions, for the sake of strengthening the revolutionary process and its institutionalization.

The bill calls for the legal existence of the political parties which are members of the Council of State, as institutions of public law, leaving the doors open for those not in the Council to join it. It stipulates their rights and obligations, upholding the law to determine the time of the electoral process. It specifies their obligation and duty to lend their support for the development and transformations of the revolutionary process.

Some parties, such as the PSN [Nicaraguan Socialist Party], PCD [Conservative Democratic Party] and PSC [Social Christian Party], have described the bill that has been submitted as a proposal which opens the doors wide for materializing the activity of the political parties in an organized manner. They observe in the proposal a sign demonstrating the FSLN's political desire to discuss such a controversial issue as the regulation of the political organizations. Others, on the other hand, have rent their garments, accumulating a deep resentment, and have attempted to set forth a mechanical analysis devoid of political essence. So, they have concentrated their observations on attacks, ignoring the positive features of the proposal, overlooking the fact that its transfer to the commission is aimed at improving it, and they have attacked it in the most childish way, completely overlooking the revolutionary duty to strengthen and perfect it.

The discussion that must necessarily follow during the recess period with the other political organizations in the country which are affiliated with the Council of State will enhance this bill and reason will prevail. We have no doubt that a law will result that will meet the aspirations of the truly patriotic and democratic sectors of our country.

To summarize, all these laws of a political nature have a deepseated effect on the policy line of national unity and political pluralism which the Sandinist Popular Revolution has established.

3. Social Area:

We must also stress the proposals that have been carried out in the social area, wherein the women, organized in the AMNLAE, have achieved laws such as those on adoption and relations between mother, father and children; the latter typified by the heated debates on it both within and outside of the Council of State. The essence of these laws is aimed at institutionalizing a social formation with a revolutionary essence in defense of children and of the just rights and duties won by Nicaraguan women, their fundamental goal being the protection of children whom we have cited, not without reason, as those pampered by the revolution.

We must admit that these laws were submitted as demands associated with women, even though they benefit the entire society; which goes to show that Nicaraguan women are still playing a major role in the building of the new society. They are the ones who respond to its problems because, although there is a general desire to respect equal conditions for both sexes, the Nicaraguan society is not yet aware of the unjust exclusion being suffered by our women.

Other major laws in the social area were the reforms to the law on tenancy and the law of procedure on tenancy which, although we realize that they have not changed a structural situation that maintains the accumulated and growing shortage which we have in the housing area, at least attempt to give a response to the problem of eviction and lack of shelter suffered by a large sector of our population.

In this same direction, we passed the law on titles to requisitioned real estate developments which their residents have demanded for a long time, as direct victims of real estate developers protected under the Somoza regime who sold urban land without titles or improvements, in an illegal fashion. The Council of State, backed by the presence of many residents of those districts, approved the granting of these titles free of charge to the residents of requisitioned real estate, who will not pay the taxes, amounting to an approximate total of 200 million cordobas, either. Similarly, they have been guaranteed stability in their dwellings, because the law stipulates that this property cannot be attached.

With regard to labor-management relations, particularly the arbitrary notice that our workers have endured for a long time on the part of employers, this year we succeeded in reforming Articles 116 and 118 of the Labor Code, in accordance with the socioeconomic emergency situation that the country is experiencing. This reform returned to the commission on five occasions and, at the plenary session itself, amid heated debate, the requirement for improving it prevailed.

There was a just abolishment of the employer's unilateral desire to lay off workers without just cause and compulsory approval by the state; and the clause was introduced which allows the workers to participate in resolving the disputes over layoffs by joining commissions.

The law on suspension of labor provisions, for its part, supplements the law on the state of socioeconomic emergency, establishing procedures for the resolution of

collective disputes, at all times within the bounds of that law; which makes it possible for the workers to demand improvements in their working conditions, so that such matters may be settled through negotiations, without resorting to a strike.

In this area, we concluded the period by passing the social security law submitted by the Junta of the Government of National Reconstruction, a law imbued with a great social spirit, the main purpose of which is to cover the urban wage-earners and agricultural workers under its system. Gradually, and in accordance with the nation's economic development, it will guarantee protection for disability, old age and death, as well as family subsidies and economic benefits for illness, maternity and occupational risk.

In the social security laws, we again see a reflection of the extensive social spirit of our revolutionary state, which is battling daily against the objective limitations of underdevelopment and poverty, so as to be able to offer our workers and farmers the fulfillment of their most just demands.

4. Cultural Area

Insofar as the cultural laws and decrees are concerned, we note that most of them were aimed at retrieving the native symbols that the revolution has established. They must reflect values of dedication, sacrifice, love and struggle for the liberation of our fatherland. It is they which have legitimized the liberation fronts for our contemporary history, designating Esteli, Leon, Matagalpa, Chinandega and Managua as heroic cities, recognizing Leon as a capital of the revolution, recognizing the popular combatant and the anonymous collaborator, and recognizing German Pomares, Rigoberto, Lopez Perez, Enmanuel Mongalo, Andres Castro and Juan Santamaria as national heroes. We created the Order of Augusto Cesar Sandino, which will be awarded to natives or foreigners for outstanding service rendered to the fatherland or to mankind. The house of our national hero and chief of the Sandinist Popular Revolution, Comdr Carlos Fonseca, was declared a national patrimony. Approval was given to celebrate "Teacher's Day" on 29 June of each year, stressing the anti-interventionist and nationalist action of the teacher Enmanuel Mongalo.

In each one of these decrees, we cited what must be our values to serve as an example for future generations in their real lives; an account or essence of what an example is, something which in other words is merely the concrete expression of the concepts or values that guided these men in the time and space wherein it was their destiny to live. Because it was in their action with respect to the liberation of our fatherland that those values which we have now found underlying their names have materialized.

Although many may interpret these cultural decrees as a mere supplement to our legal order, we can claim that they reflect something more than that. We believe that they are evidence of a cultural political progress in the concepts that have started to guide the activity of our people. We note that, with them, a qualitative step has been taken in the ideological realm, because each one is a solid reference point for enhancing our activity. The history of our heroes, our cities and our people is gradually being recognized as national patrimony, and is acquiring all the weight that has been given them by the laws institutionalizing them for future history. Obviously, the strength of this ideological realm which emphasizes

patriotic, nationalist and anti-imperialist values in the creation of the new man, will also depend to a large extent on the deepseated structural changes and on the progress made by our revolution in the political and social areas.

5. Administrative Area

Finally, the administrative area has been subjected to regulation by many of the laws passed by the Council of State this year. Most of them were sent by the Junta of the Government of National Reconstruction, and are aimed primarily at regulating situations necessary for the strengthening of our nascent revolutionary state.

The administrative laws that we have passed indicate a constant systematizing of a revolutionary state which is gradually becoming consolidated.

II. Brief Comparison of the Two Co-Legislative Periods: From 1930 to 1981

Briefly, we can state that, unlike the first experience of our co-legislative institution, wherein 73 bills were approved out of a total of 95 bills submitted, this year, in our activity, an equal number of decrees were approved, 73 out of a total of 77 submitted; and this was marked by a qualitative change in the proposed laws that we studied, approved, reformed and rejected, which represented a strengthening of the Council of State.

As for the proposed laws of the Council of State, last year, out of 39 bills submitted, 11 were rejected. This year, out of 37 proposals, only two were rejected and one deferred. But it is not only the number of bills that prompts us to claim this qualitative progress, but also the importance and significance of the bills submitted.

At the end of last year, when we submitted this same report, we observed and stated right here that most of the laws passed had been aimed at addressing concrete problems, situations and facts related to the time when they cropped up. In other words, we summarized that co-legislative activity in one word: it would be a "response". However, we admitted then and we reaffirm now that this first experience contained the mark of consciousness and effort to establish a new legal system; a revolutionary legislative order associated not only with the policy line of transforming legislation to make it respond to the people's interests, and not only to eliminate the time lag between the validity of a legal regulation and its effectiveness, but also as part of the policy line of combining in our revolutionary laws the different criteria and concepts of the sectors and organizations that comprise our revolution, and thus achieving a legal system which really reflects the genuine concept of unity and pluralism, which are features of our revolution and necessary for the nation's reconstruction.

The difference between the 1980 period and that of 1981 is that, this year, we can, indeed, say that we passed laws which contribute directly to lending force to our revolution, to materializing this model that has been devised, based on the mixed economy and political pluralism, and to confirming the fact that it is a popular, democratic and anti-imperialist revolution.

III. Work of the Different Organizations Represented:

We can also point with pride to the progress shown during this period by our representatives, who demonstrated a greater awareness of their responsibility, by responding to the interests of their rank and file.

We observed the Sandinist delegation setting political guidelines with the introduction of a bill prepared on the basis of a contribution from all Nicaraguan professionals to regulate the exercise of those sectors in the fields of science and culture which are so important to the reconstruction of our country. At the regular session of 19 November 1981, this delegation also submitted the bill on political parties, which opens a new era for the nation's political existence.

With the reforms made in the tenancy law and the procedural law on tenancy, and also with the law on reinstatement of birth certificates, the Sandinist Defense Committees addressed a demand associated with its rank and file.

The representatives of the Armed Forces distinguished themselves by submitting the proposed law on nationality, which was part of this body of laws required for the defense of the fatherland, and was materialized in a right stipulated in the statute of rights and guarantees holding that every person has a right to a nationality.

Once again, the voice of Nicaraguan women was heard forcefully, with the submission of essential, fundamental laws on social life that will effectively help to convert the traditional values, habits and customs into truly revolutionary values which will make up the new spirit of the society. These were the adoption law and the law on relations between mother, father and children. The latter was the law most discussed and questioned in the two periods of the Council of State.

The Trade Union Coordinating Body, through the proposal of the Independent CGT [General Labor Confederation], submitted the bill on reforms to the Labor Code [CT] (Article 116, CT) which, although it was not the most discussed one, was at least the most complicated one, because it returned to commissions four times. Even in the last regular session of the Council of State, there was approval of extremely important reforms because, on the one hand, they nullify the notice without approval from the state and, on the other, they establish the workers' participation in the solution of these disputes.

The cultural aspect was headed by the Board of Directors, with the bills submitted to commemorate the second anniversary of the Sandinist Popular Revolution, which embodied our national values.

For their part, the special commissions appointed for that purpose were the ones to contribute the regulations for the law of grace and the regulations on the Inter-Parliamentary Union.

The 10 July Sandinist Youth organization made itself heard with proposals addressing the concerns of its rank and file: the law on promotion of sports and culture among the youth, and the declaration of public use of land for the construction of a children's park in Chinandega.

The "Heroes and Martyrs" National Confederation of Professionals responded to its representatives by introducing seven requests for legal status for the following associations: Oscar Lino Paz Cuba Administrative Professional Association, Nicaraguan Association of Psychologists, Association of Democratic Jurists of Nicaragua, Association of Economic Professionals of Nicaragua (APEN), National Association of Geologists and Related Professionals, Association of Internal Auditors of Nicaragua and Association of Biologists and Ecologists of Nicaragua. The National Association of Clergy (ACLEN) expressed itself similarly, with a request for legal status for the Confederation of Religious of Nicaragua (CONFER); as did the MECCELADEC Ecumenical Axis, with respect to the Central American Historical Institute.

It is only fair to dwell on this point for a moment, in order to make public mention of the comrade delegates to the Council who, with their enthusiasm, willingness to work and self-effacement, contributed most to enabling our co-legislative organ to fully perform the duties for which it was created during this legislature.

Prominent among its members was Comrade Eligio Palacios, delegate from the Sandinist Defense Committees, who is one of the most senior members of this Council of State, and who has distinguished himself through his active participation in the debates his initiative and his willingness at all times to contribute on behalf of the bills which the Council studies and approves; and also Angela Rosa Acevedo, from the Luisa Amanda Espinoza Nicaraguan Women's Association; Moises Lopez, from the 19 July Sandinist Youth; and Dr Ramiro Sacasa Guerrero who, from the time of his entry, had stood out for his active participation, which never declined despite the differences that existed between his ideas and those of the majority of representatives. Hence, the death of Dr Ramiro Sacasa constituted a definite loss to the members of the Council of State.

Unquestionably, even more effective work would have been done, and the Council of State would have contributed more, if, of the 36 representatives who concluded the period last year, at least over half had worked with us all this year. However, we must state with concern that, of the 36 comrades who were here with us last year, only 23 were confirmed for this period; and, of that number, only 14 ended the second legislature with us. The foregoing should prompt us to propose for the future the permanent status of the representatives to the Council of State, so that the experience that has been gained will not be readily wasted. Concurrently, we urge all the organizations represented on the Council to acquire an awareness of the importance of our organization, and to attempt to professionalize their representatives, so that they may perform increasingly better work.

Therefore, the popular organizations must pay greater attention to the functions performed by their delegates in the Council of State. They must try to ease the workload which those comrades have within their respective organizations, so that they may fully perform their mission as representatives of the people to the Council of the People.

IV. Request for Reports to the Ministry of Domestic Trade, the Ministry of Interior and the Supreme Court of Justice

We also report to the Junta of the Government of National Reconstruction and to the people of Nicaragua that the Council of State, in accordance with its powers

established in Article 6, Section J, of the General Statute of the Council of State, requested reports from some state ministers on their activities, through the Government Junta, and from the Supreme Court of Justice which, without being obliged to do so, also appeared before our co-legislative organ.

At the behest of the Council of State, the minister of domestic trade was called upon to appear in person and submit a report on the shortage of rice, sugar and other staple products that exists in the country. Summoned in the same manner were the Judicial Branch and the Ministry of Interior, so that each might submit a report on the main problems that exist in the relations between these two authorities.

MICOIN [Ministry of Domestic Trade]

The extensive report which the minister of domestic trade, Comrade Dionisio Marengo, submitted to us on the stipulated day was of great value, an account illustrated with statistical charts and data. At the conclusion of the report, Minister Marengo gave candid replies to a group of concerns expressed by the representatives.

The Board of Directors of the Council of State, for its part, assigned the Council's Popular Consumption Commission to make a study of the report by the minister of domestic trade and, within a reasonable period of time, to make the necessary recommendations which, after having been submitted for the consideration of the Council of State plenum, would subsequently be transmitted to that ministry. The order was carried out by the Popular Consumption Commission, which recommended the establishment of a constant flow of communication with MICOIN; while at the same time issuing an appeal to the state institutions involved in matters relating to production, transportation, storage and distribution of staple grains, as well as financing, to deal with these areas on a priority basis.

Ministry of Interior

In response to the summons made to the Ministry of Interior, there appeared, on behalf of that institution, Comdr Walter Ferreti (national chief of the Sandinist Police), who read the report from that corps in charge of vigilance and the maintenance of internal order in the country to the Council plenum. In his report, Commander Ferreti explained that there is no confrontation between the police and the Judicial Branch, and then gave an account of the problems that they have had in their battle against crime, the improvement of the police in various respects, some proposals to the Council of State to improve the efficiency of the police and a request to the Council to deal directly with the complaints and charges that have been brought, and to decide later on the validity of such charges.

The presidency of the Council of State took note of the concerns of the police, and appointed the Defense and Interior Commission to study the proposals from the Sandinist Police, and to find out and decide on the complaints made against the police.

Supreme Court of Justice

Following the report from the police, we heard the president of the Supreme Court of Justice, Dr Roberto Arguello Hurtado, who described for us a group of concerns

which that branch of the state has in connection with the police. Dr Arguello, in turn, proposed as a solution deepseated reforms of the established legal system, in keeping with the revolutionary circumstances being experienced by the country. Upon the conclusion of his remarks, the president of the court and his companions answered all the questions asked by the Council representatives.

The Council's Board of Directors appointed the Justice Commission to study the report from the president of the Supreme Court and, together with the Defense and Interior Commission, to issue joint recommendations for submitting proposals for a solution to the Council members within a period of 15 days.

After having previously discussed the reports submitted by the Sandinist Police and the Supreme Court of Justice, separately, the Defense and Interior and Justice Commissions approved the following recommendations, which were subsequently ratified by the Council of State:

1. They recognize as valid and proper the proposal made by both entities, to the effect that there is a need for a total reform of the criminal and procedural, and criminal procedural system, with respect to the police and the judicial branch, in dealing with crime.

2. Considering the urgent need for these reforms, owing to the difficult situation that exists in dealing with crime, we recommend that this reform effort be divided into two phases:

A first phase dealing with reforms on police procedure (law of jurisdictional functions of the police), and a second one dealing with reforms to the codes in the substantive and procedural areas (Penal Code, Police Code and Criminal Proceedings Code).

3. In order to accomplish this work, they proposed the creation of an interinstitutional commission, comprised of a special commission from the Council of State and high-level representatives of the Supreme Court of Justice. For this purpose, they proposed that the Council's Board of Directors cooperate with the Junta of the Government of National Reconstruction and the Supreme Court of Justice to set up this commission and to guarantee its operation.

4. To perform this work, they proposed a period of 30 days for its first phase (reform of police procedures), and a period of 3 months for the second phase (reforms to the judicial substantive and procedural areas).

5. Regarding certain immediate, concrete proposals of the police and the Supreme Court of Justice, they recommended the following:

- a. That greater human and material resources be given to the courts of justice, including the creation of new courts, at least in the Department of Managua.

- b. That constant communication be established between the courts of justice, the Sandinist Police, the prosecutors and the prison system.

c. That the judicial officials be guaranteed free access to the police departments and jails, without making such acts within their jurisdiction difficult.

d. That the orders of the judges and courts of justice be obeyed by all public servants and by the police authorities, without any question or discussion.

e. Immediate reforms of the prison system, to provide these centers with better conditions and greater security.

f. So long as the proceedings last, defendants must not be sent to jails different from those within the jurisdiction of the judge who is trying them, and there must be punishment for the officials responsible for guarding them in the case of escapes, or negligence or fault in the discharge of their duties.

g. The creation of institutions capable of cooperating in a scientific manner in the investigation of crimes, such as forensic medical institutions, crime laboratories and other agencies; as well as the special training in criminal investigation for those who are going to specialize in that branch, both in the judicial and the police entities.

However, it should be explained that, in connection with the work of this interinstitutional commission, it was later assigned to the Judicial and Legal Coordinating Center, of which the Council of State is also a member, together with the Government Junta and the Supreme Court of Justice. In this connection, we understand that the work is well under way, but that the reforms to the Penal, Police and Procedural Codes will not be undertaken until the study of the reforms of the Judicial Branch has been completed, and the latter have been approved by the Government Junta and the Council of State.

Report of the Special Commission of the Council of State Created to Investigate the Status of the Human Rights of Prisoners

For its part, the special commission of the Council of State created at the request of the Sandinist Police and at the order of our co-legislative organ at its No 5 regular session of Wednesday, 7 June 1981, the mission of which was to investigate the status of the human rights of prisoners in our country, submitted to us an extensive report on its work, after 5 long months of study at the country's nine different penal centers.

The commission fulfilled its goal by investigating the charges submitted on alleged violations of the human rights of prisoners. At the same time, it gave actual responses to the requests of prisoners' relatives who were seeking information on their condition. Moreover, it made direct recommendations to the police regarding practical responses that were considered easy to carry out, for the purpose of overcoming the defects that were discovered during the investigative process.

The commission deemed it necessary to make the following recommendations to the plenary of the Council of State, which were approved at its No 3 special session of 26 November 1981, and which we are repeating, because such praiseworthy effort has gone unnoticed by national opinion:

1. That the revolutionary government, because of the very essence of its nature and desire to respect human rights, reinforce and consolidate the present National Commission for Promotion and Protection of Human Rights with greater human and economic resources, so that it may better perform its functions.
2. That there be assigned to a Nicaraguan humanitarian agency the development of economic financing plans to be submitted to international agencies, for the purpose of improving the country's prison conditions.
3. That the Supreme Court of Justice, the Courts of Appeals and the criminal prosecutors adopt forceful measures against unscrupulous lawyers who make the practice of their profession a dirty business, taking advantage of the situation of prisoners.
4. That the Sandinist Police authorities establish mechanisms to enable the relatives of those in custody to obtain information on the status and location of the defendants. This has already been implemented by the police, and the commission reacts to it with great approval.
5. That the criminal judges, when they learn of charges from the prisoners or from their relatives concerning their mistreatment, immediately investigate these matters and send an official note to both the Sandinist Police authorities and the National Commission for Promotion and Protection of Human Rights, calling for an investigation of these matters as promptly as possible.
6. That this encouraging experience enhance the work of the Council of State, keeping its attention focused on the status of prisoners in the interior sections of the republic, in close cooperation with the Commission for Promotion and Protection of Human Rights.

In conclusion: The commission considers the status of the human rights of prisoners in our country to be satisfactory, owing to the great respect that our authorities have for them.

Mention should be made of the development attained by the Sandinist Police who, amid disrespect, provocation, unwholesome criticism and lack of understanding on the part of certain sectors, have gradually managed to win the affection and admiration of the people, owing to their intransigent defense of citizens' rights and strict adherence to the laws and obligations that the revolution demands of them. By their daily, clarified and heroic activity, the Sandinist Police have become a faithful guardian of the people's interests, and their endeavor fits into the humanistic spirit of the revolution.

V. International Projection:

We would like to note that the international activity carried out this year by the Council of State demonstrated with actual deeds our desire for peace. The presence of various delegations from the Council of State in international forums was at all times inspired by the defense of peace and the struggle for its complete practice in the world and, particularly, in Central America, which has now become the stage for the most critical tension that has hovered over mankind.

So, it befits us to report with gratification that the admiration which our revolution has gained in the world is still in effect, and more sympathizers with its cause are being added every day. In this regard, the French National Assembly organized a French-Nicaraguan Friendship Group, headed by Mr Jean Natiez. In Japan, also, a group of parliamentary friends of Nicaragua has been organized, under the chairmanship of Buichi Ohishi, head of the International Alliance for the Promotion of Disarmament.

Continuing its fraternal and friendly relations with other parliaments, the Council of State opened the second legislative period with a message of peace to the National Constituent Assembly of the Republic of Honduras, inviting its members to join forces at the dialog table in the event of any dispute that might arise between our countries as a result of the counterrevolutionary action of former Somoza guard members in border territories.

We hail the victory of Comrade Francois Mitterrand, president-elect of the fraternal Republic of France, as a triumph for all peoples who are struggling for the peace and welfare of mankind.

We repudiate and cite the attack suffered by His Holiness, John Paul II, leader of the Catholic Church in the world and head of Vatican City, as an attack on world peace as well.

We are expending all our efforts to prevent ratification of the Sacio Vasquez Carrisoza treaty by the United States Senate, one which we consider detrimental to our sovereignty and territorial integrity, and a violation of the most fundamental principles of international law, attempting to rob Nicaragua of its rights to the Cayos, Quitasueno, Roncador and Serrana.

We have sent a note of protest to the United States Senate expressing to desire of the Council of State of the Republic of Nicaragua, as well as that of the Nicaraguan government and people, to maintain and develop friendly relations of mutual cooperation with all nations of the world, including the United States; which can only be assured if they are based on the principles of international law and on respect for the national sovereignty of states.

And we also addressed the Congress of the Republic of Colombia, offering our good offices for the peaceful solution to the disputes between the two countries. At the same time, we called upon the Congress of Colombia to make efforts, just as we here in Nicaragua have, with the executive body aimed at a solution to this controversy according to law, thereby insuring the peace of the American continent.

In the same fraternal spirit, we addressed the president of the fraternal Republic of Panama and its executive government organ, to express our most heartfelt condolences at the irreparable loss of one of the dearest friends of the Nicaraguan people, Gen Omar Torrijos Herrera, which we cite as one of the harshest blows to the struggle for Latin American democracy, dignity and unity.

Similarly, we condemned the American military maneuvers, known as "Halcon Vista" and "Ocean Venture 81", which represent to our people a threat of military intervention in Nicaragua and encouragement to the counterrevolutionary groups operating in the northern part of the country, which are a threat to peace in Central America.

Pursuing our offensive on behalf of peace in Central America, we expressed support for the proposal on peace in El Salvador submitted to the 30th United Nations General Assembly by the coordinator of the Junta of the Government of National Reconstruction, Comdr Daniel Ortega Saavedra.

And, in this same context of fraternal peoples, we decried the moral sanction passed by the Legislative Assembly of the Republic of Costa Rica against the president of that country, Comrade Rodrigo Carazo Odio, who was accused of having aided the Sandinist National Liberation Front in its struggle, together with the entire Nicaraguan people, to overthrow one of the bloodiest dictatorships in Latin America. At the same time, we reiterated to President Carazo our people's gratitude for the assistance that was offered.

Council of State at the 68th Inter-Parliamentary Conference

With regard to our participation in the 68th Inter-Parliamentary Conference, held in Havana, Cuba, from 15 to 23 September 1981, we can say that it had a highly positive significance for the delegation from Nicaragua, headed by the presidency and also including six more comrades from the Council of State.

Generally speaking, we think that the conference represented an outright success for the progress and consolidation of the Inter-Parliamentary Union; because, in spite of the problems that arose during the course of it, including even threats by some delegations that they would leave, in the end the Inter-Parliamentary Union proved to be more vigorous and strong than ever, both because of the content of the final resolutions and because it was demonstrated that there was a possibility, in such international forums, of holding discussions on this high level, with the individual feature of an enormous, varied range of differing views, even within a single delegation, which is possible only in such conferences of parliaments.

Despite the fact that this was our first participation in an event of this kind, we were aggressive. However, we hope that we acquired experience so as to be better in future conferences; because the Council of State is aware of the great international prestige that our revolution has, and of the importance attached to the representatives of our country, particularly at these functions on the highest international parliamentary level.

We also wish to express appreciation for the visits by officials and delegations from different parts of the world coming to our work sessions to confirm their recognition of the Nicaraguan people's heroism and to reiterate to us their confidence and backing for our revolution and for this people's parliament.

Without including the many visits paid by youth, students, professionals, magistrates and institutions of the country, we were honored by the presence of 23 international delegations, the most prominent of which are:

1. The delegation from the Dominican Revolutionary Party (PRD), headed by Dr Jose Francisco Pena Gomez (secretary general of the PRD, vice-president of the Socialist International and vice-president of the Commission of Political Parties for Latin America).

2. Comrade Ed Broadbent (vice-president of the Democratic Socialist International of Canada).
3. The delegation from the International Committee for Defense of the Sandinist Popular Revolution, headed by Comrade Bernt Carlsson (member of the International Committee for Defense of the Sandinist Popular Revolution), and accompanied by Comrades Antoine Blanc (personal delegate of His Excellency, Mr Francois Mitterrand, President of France), Walter Hacker (personal delegate of Comrade Bruno Kreisky, and secretary of international relations of the Social Democratic Party of Austria), and Elena Flores (secretary of international relations of the Spanish Socialist Workers Party).
4. Comrade Huynh Tan Phat (vice-president of the Council of Ministers of the Republic of Vietnam).
5. Comrade Alois Pinski (member of the Central Committee of the SED [Socialist Unity Party of Germany] and member of the Council of State of the German Democratic Republic).
6. Yolanda Ferrer (member of the Communist Party Central Committee and member of the Secretariat of the Federation of Cuban Women).
7. Comrade Lord Chitnis (independent member of the House of Lords of Great Britain).
8. Dr Enrique Tierno Galvan (Mayor of Madrid, Spain, and honorary president of the Spanish Socialist Workers Party).
9. A delegation of members of the National Assembly of Representatives of Town Halls of the Republic of Panama, headed by Comrade Climaco Quijada (chief of the group representing the PRD).
10. A delegation from the German Democratic Republic, headed by Comrade Egon Krenz (alternate member of the Political Bureau of the German Socialist Unity Party Central Committee).
11. A delegation from the Italian Communist Party, headed by Comrade Enrico Berlinguer, secretary of the Italian Communist Party.
12. A delegation from the Board of Directors of the Panamanian-Nicaraguan Institute of Friendship, headed by Comrade Romulo Betancourt, head of the Institute.
13. A delegation from the Liberal International, headed by Senator Richard Stanbury, president of the Liberal Party of Canada; and,
14. A delegation from the National Assembly of the People's Government of the Republic of Cuba, headed by Comrade Raul Roa, vice-president of that assembly, invited by the Council of State to attend the celebrations marking the fifth anniversary of the death of Comdr Carlos Fonseca.

It is impossible to end this report without mentioning the significant task of bringing to our people the events and progress of the parliamentary activity, through the

various news media; something which has unquestionably helped the various sectors of national life to be properly informed of the laws which have been debated and passed by this Council of State. In this connection, mention should be made of the names of newsmen and women who distinguished themselves in the parliamentary coverage: Guillermo Cortes, of BARRICADA; Manuel Eugarríos, of EL NUEVO DIARIO; Alberto Reyes, of Radio Sandino; Agustín Fuentes, of Radio Noticias; Lester Mendieta, of the Sandinist Television System; Roberto González, of the Voice of Nicaragua; Víctor Medina, of LA PRENSA; Juan Alberto Enriquez, of Radio Mundial; Noel Delgado, of El Fabuloso 7; César Sánchez, of Radio Continental; Edelma Cruz, of the New Nicaragua Agency; and Comrade Rodolfo López, of Radio Noticias; as well as Comrade Onofre Guevara, for his outstanding journalistic cooperation as author of the column entitled "Inside the Council of State".

We owe special acknowledgment for the constant, timely backing given on repeated occasions by the diplomatic corps accredited in our country to the Council of State, as convincing evidence of the respect and confidence that our legislative organ has inspired among the peoples and governments with which Nicaragua has close bonds of friendship.

In concluding this second legislative period, we wish to express appreciation for the cooperation and self-sacrificing effort by all the comrades in advisory bodies, administration and services who work in our legislative organ, and without whose participation our mission could hardly be accomplished. These are the workers of the Council, proving by their daily activity an extraordinary affection for all the representatives.

More complicated tasks await the Council of State in the third legislature. The necessity for improvement will take precedence over any personal or partisan interest. It will be the time to achieve greater legislative independence, to raise the levels of preparation of the representatives, to convince the national leaders of the accredited organizations of the attention that they must give to their delegates in the co-legislative organ, to contribute with the JGRN [Junta of the Government of National Reconstruction] to overseeing the development of the revolutionary state, to progress steadfastly in the establishment of a new juridical model, to legitimize the rights of the workers in a realistic manner, to heal the wounds suffered by the fatherland in war, to prevent imperialist aggression or oppose it to the last man, and to keep the fatherland's sovereignty intact.

If, as we close this second work period today, we were to be asked what the Council of State has been, we would say with self-assurance that it has been the legislature of the people, based on the people, that it has been a council of the people, filled with the love of over 2 million men and women who love the cause of Sandino.

May peace shine beautifully in your sky, Nicaragua, so that all the desires of the fatherland in defense of the revolution may always be combined in the Council of State.

Free fatherland or death.

2909

CSO: 3010/515

PPSC STRONGLY CRITICIZES POLITICAL PARTIES BILL

Managua LA PRENSA in Spanish 26 Nov 81 pp 1, 14

[Text] The PPSC [Popular Social Christian Party], member party of the Patriotic Revolutionary Front, a coalition of parties dominated by the FSLN [Sandinist National Liberation Front], issued a statement yesterday critical of the political parties bill sent to the State Council by the FSLN.

The extraordinary document of the PPSC points out that a parties law is insufficient to confront all of the national problems. It indicates the necessity of also discussing the model of legislative power, an electoral law, a positive redrafting of the Communications Media Law, a clear definition of the mixed economy and other subjects.

The PPSC also mentions that the FSLN parties bill is contradictory, because at the same time that it gives freedom to parties, it subjects their operation to the subjective interpretation and political convenience of whomever controls the State Council.

The PPSC also criticizes the harassment by the Sandinist Defense Committees [CDS], which in practice impedes the development of the parties.

Finally, the PPSC statement indicates that in its bill the FSLN presents the political parties as enemies of the people, since of the 14 articles in the bill, 7 involve threats or punishment.

Because we consider this statement of great importance for the present discussion of the parties law, we are presenting it in its entirety, and tomorrow we will present a summary of the PPSC parties law, as an alternative to that of the FSLN.

Position of the PPSC in Regard to the Political Parties Law

The PPSC has examined the political parties bill presented by the FSLN in the State Council. In this regard we feel obliged to make the following observations:

1. The idea of a political parties law regulating the operation of these parties is an aspiration that has been expressed by different groups. We consider the fact that the FSLN itself is proposing a bill of this nature, having rejected a previous bill several months ago, to be a significant gain for the political parties who have persistently indicated the necessity for this law.

2. The PPSC is pleased by the fact that this bill presented by the FSLN arises at a time when our organization has been promoting a thoughtful encounter in order to analyze the national problems and take consequent measures, including that of assuring political pluralism. We will do everything possible to see that the encounter will also analyze the mentioned bill and that a law will be formulated in accordance with the Statute of Rights and Guaranties, the San Jose Pact and the Universal Declaration of Human Rights.

3. Nevertheless, the PPSC considers that the promulgation of a political parties law, even the best formulated, is insufficient to confront all national problems. The political parties law is hardly one of the necessary instruments and measures, and in order to be functional it must be among a series of resolutions embracing the future political organization of the country, including the model of legislative power, an electoral law, a positive redrafting of the Social Communications Media Law, a clear definition of the mixed economy, and the part played by private enterprise, workers and their organizations and the state itself. If not, the political parties law would be of little consequence, since "one swallow does not make a summer."

4. Although we recognize that it is not a bad idea to promulgate a political parties law, on reviewing the FSLN bill, we reach the following conclusions:

a. It is contradictory in that at the same time that it allows the formation and operation of political parties, it puts conditions on them based on principles that are not defined objectively, but are subject to the subjective interpretation and political convenience of whomever is in the majority and controls the State Council. The PPSC considers that these principles should be replaced by others or be formed in a positive manner, and their content should be defined as objectively as possible.

b. Likewise, we consider that the FSLN bill introduces restrictions contrary to the letter and spirit of Article 25 of the Statute of Nicaraguan Rights and Guaranties, which says: "All citizens will enjoy the following rights without restriction: a) To organize political parties or groups, or to take part in them." Consequently, to condition the existence and operation of political parties on their belonging to the State Council is to place restrictions on this right, and it converts the right of being on the State Council into an anathema or mortal sin, exhausting the rich and multifaceted existence of a political party. We consider it necessary to take all parties to the State Council, but through a real and significant opening by the FSLN, and not through the accommodation of a fundamental right of Nicaraguans.

c. There are some aspects of the FSLN bill that are not practical, and their attainment is precluded by actual circumstances. The PPSC itself suffers harassment and threats by the CDS when it attempts to proselytize. Then as long as there is no environment respecting the rights of proselytism and mobilization, it is logical to demand that the political parties present their list of national and departmental directors.

d. In planning the State Council as the depository for documents of political parties, it is being given a function distinct from its colegislative prerogatives, obviating the existence of an organization more appropriately assuming this responsibility. In our own political parties bill we, the PPSC members, propose a political and electoral National Council integrated pluralistically.

e. The bill should go more deeply into rights and duties of political parties, with the goal of more precisely determining their scope and of formulating true rights of parties, instead of just repeating general rights already assigned in the Statute of Rights and Guaranties. It is necessary to establish the right of taking part in elections, because even though one may say that this right is implicit or understood, the truth is that what is written is understood. It is also necessary that all parties, including the FSLN, have equal access to state television.

f. Finally, we note that the bill presented by the FSLN proceeds from a negative focus on political parties, as if these were enemies of the Nicaraguan people. In effect, of the 13 articles making up the bill, 7 (53.85 percent) refer to sanctions and punishment, not including the first 2 articles which are also conditional. This creates a very negative impression of how the FSLN views the other political parties. We agree that there should be sanctions for those parties which undermine the revolution, seek the return of Somozism or some other authoritarian regime, or dedicate themselves to destabilizing or subverting revolutionary order, but this must be planned objectively and flexibly, because otherwise the parties law is converted into a law of exception to pacify the political parties. For example, we know of no country providing for a year's imprisonment for the simple act of naming the party, as the FSLN seeks to do in Article 6 of its bill. We believe that is a very severe and authoritarian position, which promotes neither national unity nor peace, even though according to its arguments that is the objective of the mentioned bill.

9746

CSO: 3010/458

RAMIREZ OUTLINES POLICY ON INDIANS, ATLANTIC COAST

PA181907 Managua Radio Sandino in Spanish 0300 GMT 18 Dec 81

[Text] Commander William Ramirez, minister of the Atlantic coast, said this morning at the UN seminar that the Sumo, Miskito and Rama Indians are marching with the revolution within national unity and that the revolution respects their special characteristics.

A serious and documented study resulting from the joint efforts of experts and leaders of the natives of the Atlantic coast was submitted by Ramirez this morning to the seminar on racial discrimination being held at the Cesar Augusto Silva Center. In explaining the origins of our nationality, the minister of the Atlantic coast said that they stem from the mixture of three different racial groups, i.e., Indian, European and African. Due to this, virtually all of Nicaragua's population is Mestizo.

Ramirez said that the challenge of the Nicaraguan revolution is to fight any type of oppression and racial or ethnic discrimination and this includes their apparent manifestations as well as their roots. He charged that racism and discrimination are part of a world ideology based on the socioeconomic structures imposed by capitalism on earth.

Recounting the struggles of the Indian peoples, he said that the Indians began to participate with our Mestizos in the struggle of the army which fought for national liberation and sovereignty only after General Sandino emerged. Later on, the struggle against Somoza led by the FSLN and the victory in 1979 resulted in the main historical transformation which made possible the destruction of the classist structure and of the bases of domination and racial discrimination.

While explaining the policy pursued by the revolution in regard to the inhabitants of the Atlantic coast, the guerrilla commander made an exhaustive analysis of the essence of the counterrevolutionary aims of the clique which was manipulated by Steadman Fagot, former agent of the Somozist police.

During his speech, Ramirez outlined the methods that have been adopted to fight racial discrimination. They are: economic development and the eradication of existing inequalities between the Atlantic and Pacific areas as well as the granting of opportunities to each ethnic group to develop their own means of cultural and artistic expression.

He charged that imperialism dreams of separating the Atlantic coast from the rest of Nicaragua. However, he reiterated the unwavering determination of our people not to allow this to happen ever. The Sumus, Creoles and Ramas are marching along with the revolution within national unity and the revolution respects and will continue to respect their special characteristics, guerrilla Commander William Ramirez stressed.

CSO: 3010/519

ECONOMIC-SOCIAL EMERGENCY LAW CRITICIZED

PA190326 Managua Radio Corporacion in Spanish 1230 GMT 18 Dec 81

[Report by Orion Elpidio Pastora]

[Text] The Nicaraguan Democratic Movement, MDN, has issued a communique in which it criticizes the economic and social emergency law, which was issued by the government in an effort to solve economic problems that resulted from a crisis that the law does not address in any way.

The MDN communique says that when the government issued the economic and social emergency law, the MDN and other organizations said that it would be unable to solve the Nicaraguan crisis.

In another portion of its communique, the MDN supports the business sector's request that the government not include the foreign money market in the regulation issued by the Central Bank on 7 December of this year, because this would have negative results. According to the MDN, the Central Bank's explanation for amending the economic and social emergency law more than justifies the business sector's demands.

Finally, the MDN communique says that, in solidarity with the business sector's demands, it hopes for a prompt and immediate solution to the crisis, for the benefit of the business sector and of the nation at large.

CSO: 3010/519

CDS LEADERSHIP RESPONDS TO MDN CHARGES

PA182029 Managua Radio Sandino Network in Spanish 1200 GMT 18 Dec 81

[Text] Commander Leticia Herrera, national secretary of the Sandinist Defense Committees, CDS, yesterday issued a statement regarding an article signed by the National Democratic Movement [MDN] and published in the daily LA PRENSA.

The article denies that the people have any participation in the government and tries to deny that there is any participation by the people in the revolutionary watch.

Guerrilla Commander Herrera said that the revolutionary watch of the CDS is voluntary and represents another expression of the people's participation in the defense and consolidation of the revolution. Most of our people have volunteered because of their belief in the revolution.

The watch that the people must maintain harms only those sectors that do not like the process because they find that their movements are limited. This is the reason for their antisocial and counterrevolutionary activities.

These attacks, Commander Herrera said, are a confirmation of the success of revolutionary watch. And there are reasons for this, considering that 7 months ago, 2,000 CDS companeros initiated watch services in Managua, and now there are 30,000 participants.

CSO: 3010/519

ROBELO CALLS FOR UNITY OF DEMOCRATIC FORCES

PA210247 Panama City ACAN in Spanish 0056 GMT 21 Dec 81

[Text] Managua, 20 Dec (ACAN-EFE)--A call for all democratic forces to unite was issued here this weekend by Alfonso Robelo, president of the opposition's "Nicaraguan Democratic Movement" (MDN) and former member of the nation's governing junta.

Speaking to a group of leaders of dissident parties and associations from throughout the country, Robelo called for the unity of all in Nicaragua who "are struggling to avoid replacing a family dictatorship with a totalitarian dictatorship."

The dissident leader just concluded a broad tour of West Europe and Latin America, meeting and talking with leaders of various ideological convictions in those nations.

Robelo, who is also the president of the "Democratic Coordinating Board," an alliance of opposition parties and groups in Nicaragua, submitted a detailed report on his trip.

"This is not the time to be afraid or rancorous; it is time to speak clearly. Today, more than ever, we must speak clearly," the social democratic leader emphasized.

Robelo said that the challenge for the Nicaraguans is "to achieve democracy."

He added that 1982 presents itself as a "decisive year" and that, consequently, "our commitment is to rescue the revolution from the internal dangers hovering over it, the deviation of the original project and the dangers of imperialist aggression, regardless of its source."

Robelo told the assembly of dissident leaders that he met in West Europe with Austrian Chancellor Bruno Kreisky; with Felipe Gonzalez, the secretary general of the Spanish Socialist Workers Party (PSOE); and with Mario Soares, the secretary general of the Portuguese Socialist Party.

In Latin America, he met with other leaders, including Panamanian President Aristides Royo and former Venezuelan President Carlos Andres Perez.

CSO: 3010/519

GDR GRANTS AID FOR TECHNICAL TRAINING CENTER

PA200316 Managua Radio Sandino in Spanish 1800 GMT 19 Dec 81

[Text] The signing of a protocol by which the GDR grants Nicaragua all necessary facilities to establish a middle-level technical center in Jinotepe, Carazo Department, is the culmination of an effort by Commander Henry Ruiz who, during his tour of Europe in April, talked with the GDR Government and signed agreements on the subject.

Peter Stobinski, secretary of the GDR's Solidarity Committee, comments on the subject. His statements are translated by newswoman (Helga Nehalback).

[Begin recording in German with simultaneous translation into Spanish] (?During) Commander Henry Ruiz' visit to our republic, he was received by Erich Honecker, chairman of the Council of State and general secretary of the Socialist Unity Party of Germany.

We are here to clarify [words indistinct] atmosphere of great camaraderie with the representatives of the (?FSLN). They have made a great effort to enable us to reach an agreement as soon as possible.

We are very satisfied, because the companeros told us that they have great hopes for this center, which is to train skilled workers. Through this center and other measures [word indistinct] tried to raise the level of professional training in this country. [End recording]

CSO: 3010/518

'COUNTERREVOLUTIONARY GANGS' ACTIVE IN COUNTRY

Army Report

PA200459 Managua Radio Sandino in Spanish 1800 GMT 19 Dec 81

[Excerpts] Cap (Mauricio del Carmen) of the 7th military region and Lt Vicente Chavez, chief of state security operations, reported extensively today on the activities of four counterrevolutionary gangs that have been active in Boaco, Chontales and Central Zelaya.

The gangs, which have been partially disbanded by Sandinist armed forces units, have retreated to inaccessible mountains and maintain close contact with each other.

These groups of criminals frighten the peasants and force them to cooperate under threat of death. The gangs, which have carried out attacks, pillaging, murdering and causing many peasants to flee, are the so-called People's Democratic Organization; the Anti-Somozist Peoples Militias, MILPAS--which also call themselves Red Devils, or, to be confusing, (Thorny Flower)--and 15 September Renaissance of Free Men.

(Pedro Pablo Espinoza), a member of one of the gangs, confessed to a litany of assaults and (Herny Anastasio Bravo), from another gang, confessed to six murders, including that of a peasant who was decapitated in the Central Zela area.

The authorities have prepared a list of the crimes committed by these gangs against members of the Sandinist defense committees, militiamen and peasants.

A list of over 15 persons who were assaulted by these gangs was also made up. They were taken by surprise in the evenings and early mornings in their humble shacks and houses in Boaco, Chontales and Central Zelaya.

Lt Vicente Chavez, chief of state security operations, reported that 12 counter-revolutionaries are under arrest and that a cache of weapons of all kinds has been confiscated.

(Oriol Duarte Espinoza), a humble peasant from Central Zelaya, gave a lengthy account of the abuses to which the peasants have been subjected by the counterrevolutionary gangs, which are fleeing toward the east of the Atlantic coast, in the face of the

combined action of the Sandinist armed forces, which are determined to keep the peace and guarantee the tranquillity, peace and well-being of Nicaraguan citizens.

'Radio 15 September' Report

PA211505 (Clandestine) Radio 15 September in Spanish to Nicaragua 0300 GMT 21 Dec 81

[Text] Attention, Nicaraguan brothers: As we are closing this Radio 15 September transmission, the general staff of the Nicaraguan democratic forces [fuerzas democraticas Nicaraguenses] has sent us the following war bulletin:

The general staff of the Nicaraguan democratic forces informs all the people that yesterday, 19 December, freedom commandos fought with members of the Marxist repression who belong to the border guards and to battalion 50-09.

This armed clash occurred near San Carlos [name indistinct] in Zelaya Department. As a result of the clash, the oppressive forces sustained six casualties. We recovered three FAL rifles, two garand rifles, as well as a large quantity of 7.56-mm and .30-cal ammunition. Our commandos suffered no casualties.

Through this means we want to warn the people of that area that the repressive forces of the front are taking rockets and heavy weapons to that area in order to carry out cleanup operations and indiscriminately kill our people.

(?With patriotism, we will eradicate) communism.

God, fatherland or death.

General staff of the Nicaraguan democratic forces. Issued somewhere in the fatherland.

CSO: 3010/518

BRIEFS

SWEDISH COOPERATION--The Swedish charge d'affaires in Nicaragua, Hans von Knoring, and Edmundo Jarquin, International Reconstruction Fund (FIR) executive director signed a new cooperation agreement worth \$8,328,000. The agreement was signed on 12 December in Managua. The money will be used to build a cold storage room for the medical supply center [centro de abastecimiento medico--CAM] and for other projects in the forestry and mining sectors. [PA191520 Managua BARRICADA in Spanish 13 Dec 81 p 10]

LABOR UNION--The Nicaraguan Labor Ministry reported that 1,139 labor unions are legally operating in the country. [PA191520 Managua Radio Corporacion in Spanish 2300 GMT 18 Dec 81]

NEW AMBASSADOR TO FAO--The Nicaraguan Foreign Affairs Ministry announced the appointment of (Humberto Carrion MacDonald) as Nicaraguan ambassador to FAO and Nicaraguan governor at the Council of Governors of the International Fund for Agricultural Development. [PA181511 Managua Radio Sandino in Spanish 1800 GMT 17 Dec 81]

COFFEE PRODUCTION FIGURES--Total Nicaraguan coffee exports reached 1.1 million quintales during 1981, says an official report of the Nicaraguan Coffee Enterprise (ENCAFE). The increase was due to improved productivity and a diversification of markets. Among the new consumers of Nicaraguan coffee are six socialist countries, which joined eight other newcomers in buying 31.8 percent of the Nicaraguan coffee production. [PA181511 Managua Radio Sandino in Spanish 1800 GMT 17 Dec 81]

SWEDISH DONATION--The Social Democratic Labor Party of Sweden has donated 1.5 million cordobas to the junta of reconstruction of Matagalpa to be used for installing drinking water systems in various neighborhoods of the city. [PA181511 Managua Radio Sandino in Spanish 0300 GMT 17 Dec 81]

CSO: 3010/518

CANAL OFFICIAL DISCUSSES CARTER-TORRIJOS TREATIES

PA172140 Panama City LA ESTRELLA DE PANAMA in Spanish 13 Dec 81 pp A-2, H-11

[Article by Panama Canal Deputy Administrator Fernando Manfredo Jr: "From Words to Deeds in the Torrijos-Carter Treaties"]

[Text] Two years after the treaty went into force is a propitious time for Panamanians to take a look back and objectively consider where we were before the treaty and where we are now on the issue of the canal problem.

I am not even proposing that this review be based on the treaty as a reference point; rather, let us consider from Panama's historic liberation struggle to recover that portion of our territory which the North Americans named the canal zone and to eliminate the presence of a foreign government within another government with powers "as if it were sovereign."

The Panamanian position, expressed in the university, the schools, in the streets of Panama and at international meetings throughout the history of the canal, clearly states the objectives of the struggle, which may be summarized as follows:

- a. Abrogation of the 1903 treaty and its amendments of 1936 and 1955.
- b. End to the rights extended to the United States which granted the U.S. Government and its military forces a perpetual presence on Panamanian territory without adherence to any code of conduct.
- c. Elimination of U.S. jurisdiction on Panamanian territory, especially of the U.S. police, U.S. tribunals and courts and U.S. laws and judges.
- d. Physical, economic, cultural and political integration of the canal zone with the rest of the Panamanian territory.
- e. Lowering the flag flown by the United States on Panamanian territory as a symbol of its jurisdictional control over the canal zone and replacing it with the Panamanian flag.
- f. Panama's recovery of the natural ports on the Atlantic and Pacific oceans.

g. Participation of the Panamanian Government in the management and administration of the canal and increasing Panamanian participation in the use of the canal at every level of the management, operation and maintenance of the canal during the transition period necessary in order for Panama to acquire the knowledge to operate the canal.

h. Just compensation for Panama for the economic benefits which the canal offers its users due to the time saved by using a shorter route for the transportation of freight.

Taking these objectives as a reference base let us see where we were before the treaty and where we are now after the treaty has been in force for 2 years.

a. On 1 October 1979, when the treaty became effective, the 1903 treaty and its 1936 and 1955 amendments and all other treaties, agreements and exchange of notes between Panama and the United States concerning the Panama Canal were abrogated. The clause in perpetuity, which established rights "as if it were sovereign" and that "the United States exercised jurisdictional rights to the complete exclusion of Panama," have disappeared.

b. On 1 October 1979 began the countdown to put an end to the U.S. Government and armed forces presence in the canal. The transition period established by the treaty is now 2 years less and we are now only 18 years from the final date. On the other hand, it is important to emphasize that the form of the U.S. presence during the transition period is not the same as before. It is no longer "as if it were sovereign" and it no longer has jurisdiction "to the complete exclusion of Panama." Now its presence is downgraded to the status of guest of the Panamanian Government; its rights are administrative over the management of the canal with broader conditions than those of a private commercial enterprise and the military are subject to a rigorous code of conduct which is closely administered and watched by the Panamanian National Guard, which is very well represented by Lt Col Armando Contreras, who does not permit them to stray from it by even a fraction of an inch. The relations between our national guard and the U.S. armed forces are cordial, with the United States observing the respect which it owes to Panama. This is in great part due to the professionalism, patriotism and capacity of the Panamanian military component under the orders of Lieutenant Colonel Contreras.

c. Panamanian jurisdiction is now applied throughout Panama's territory. There is no longer a segregated area, as the canal zone used to be. The limited jurisdiction that the United States was permitted to exercise, to enable it to close pending cases in the court and to accustom the U.S. population to the presence of the Panamanian Government agencies, will end in 130 days, on 1 April 1982. In my opinion, from the viewpoint of our nationality, this event is the most important within the treaty. It is important that we stress, and we do so with legitimate pride, that since the treaty went into force no Panamanian has had to experience the past humiliation of being arrested in his own territory by foreign policemen and taken to a foreign court, to be tried by a foreign judge with foreign laws and possibly to be incarcerated in a foreign jail.

On this day, when you have allowed me to speak to you, there are 300 Panamanian policemen working in what was the former canal zone, just as they work in the rest

of the nation's territory, with the same degree of professionalism, dignity and efficiency. This is an opportune moment to express my admiration of and gratitude to an extraordinary member of the national guard, who is in charge of the canal area detachment, Captain Baldonado, who with his guardsmen, both men and women, is a source of pride to all Panamanians. The national guard uniform has overshadowed the blue uniform of the policemen of the Panama Canal Commission and will replace it completely on 1 April 1982. However, the Panamanian policemen are not the only ones who have replaced the officials and workers of the old canal zone government. Now it is the officials of the Public Works Ministry; the General Directorate of Land Traffic and Transportation [Direccion General de Transito y Transporte Terrestre]; the Institute of Hydraulic Resources and Electrification; the National Water and Sanitation Institute; the General Directorate of Post Office and Telecommunication [Direccion General de Correos y Telecomunicacion]; the Finance, Commerce and Industry, Health and Labor Ministries; and the fire department who provide public services in the canal area. Their efficiency is also admirable. The recovery of Panamanian jurisdiction over the canal zone, which cost so much sacrifice, sorrow and blood to the Panamanian people, is now a beautiful reality. It is a tribute of gratitude to the generations of Panamanians who made this just goal their most important cause.

The infamous Gamboa jail, established and operated by the United States, is now a model rehabilitation center for first offenders, operated by the national guard and commanded by Major Macias, an honorable member of the national guard. There is now not a single Panamanian imprisoned in Panama who is not in a jail or prison under the jurisdiction of the authorities of the Panamanian Government.

d. On 1 October 1979, two-thirds of what was the canal zone, including its installations, were integrated into the Republic of Panama without conditions, except for a very few cases in which limitations were necessary to guarantee the adequate operation and protection of the canal. Thus, the following have reverted to Panama: the towns of Paraiso, Pedro Miguel and Rainbow City, now Ciudad Arco Iris; post office buildings and equipment; police buildings and fire stations; hydrants and sewer systems; schools; roads, sidewalks; street lighting systems; ports and access channels to them; wharves; dry docks; cafeterias; theatres; bowling alleys; and the railroad. The Panamanians who lived under the exclusive jurisdiction of the United States in the towns now reverted to Panama are being culturally and politically integrated into Panama. The Panamanians who are buried in Mount Hope and other cemeteries located in the former canal zone can now rest in peace, covered by the Panamanian flag and under their country's jurisdiction. The ports of Balboa and Cristobal, the Panama railroad, the dry docks and the installations for the supply of fuel to the ships are the property of the Panamanian Government. They operate as part of the Panamanian infrastructure, for the country's development. Only our own imagination and initiative can limit the advantage we can take of these installations and the service they can offer the country's economy. The same can be said of the thousands of hectares of land that reverted to Panama on 1 October 1979. Since we have taken advantage of this opportunity to express our recognition of the effective work being carried out by the Panamanians in charge of the services and installations that have reverted, I want to pay homage to Maj Jose Santos Motta, director of the National Port Authority, and to his working team.

e. The Panamanians hoist the flag of Panama in the former canal zone daily, because it is our right and because it is an undeniable symbol of our sovereignty and jurisdiction. For purposes of comparison, let's recall that until 30 September 1979 the Panamanian flag was hoisted only in places in the canal zone where permission was granted by the United States, and it was hoisted at the side of the U.S. flag, for which the place of honor was reserved, so that there could be no doubt about the sole authority of the United States in that part of Panamanian territory.

How much sacrifice it has cost the Panamanians to see their flag hoisted in the canal zone! The change has been dramatic. On 1 October 1979, the U.S. flag was forever taken down from the place of honor in the canal zone, to be replaced by the glorious Panamanian flag. Today, the U.S. flag is hoisted only in a few places authorized by Panama in the treaty, and in those few places they must give the place of honor to the national flag, so that there can be no doubt about Panama's sovereignty. In the offices of the administrator and deputy administrator of the Panama Canal Commission, the Panamanian flag is in the place of honor. Every day when I enter my office, our flag reminds me of our commitment to continue watching over the interests of Panama and the Panamanians.

f. While it is true that the treaty allows for U.S. presence in the canal area for the next 18 years, that presence is based on compliance with a series of commitments. The United States cannot make a decision on the management or defense of the canal without consulting and coordinating with the Panamanian Government. In the canal area, four distinguished Panamanians--Ricardo Rodriguez, Edwin Fabrega, Roberto Heurtematte and Tomas Paredes--examine and give their opinions of the administrative policies for the canal; they make proposals and changes and participate in budget approval decisions. Within the Consultative Committee, Ernesto Perez Balladares, Jose Maria Cabrera and Reiseres Vargas evaluate the degree of progress in the implementation of the treaty and make policy recommendations when it is noticed that the way to reach the objectives of the treaty is being abandoned or when it is determined that the implementation is not going as fast as it could. Gilberto Perez, in the Coordination Commission, discusses with his U.S. counterpart day to day implementation problems and agrees on ways of solving them. For the military aspect, Lt Col Armando Contreras handles daily problems as the Panamanian representative in the joint committee, planning the use of training areas and coordinating training operations. Abdiel Adames, Pedro Galindo and Irvin Diaz discuss with their U.S. counterparts all of the plans made by agencies charged with management and defense of the canal that could have adverse environmental or ecological consequences for Panama and the canal area, and recommend preventive or mitigative measures.

During the 1 October 1979 to 30 September 1980 fiscal year, Panama received, in the form of direct economic compensation, \$78.6 million. This breaks down as follows: \$10 million as reimbursement for public service expenditures; \$10 million that represent a fixed annual payment; \$55 million based on the net tonnage of traffic through the canal; and \$2.7 million based on a payment that must be made when canal revenue is higher than expenses. In the 1980-86 fiscal year [as published], Panama received \$76 million and, adding the 2 years, we have a total of \$153 million [as published]. These direct economic benefits must be compared with the \$96.6 million that Panama received during the 76 years prior to the Torrijos-Carter treaty. The \$153 million received by Panama have been turned into

health, schools, homes and roads for all Panamanians, thus turning the objective of having the treaty provide as many social benefits as possible into a reality.

We must add to all of this the progress we Panamanians have made in terms of the handling of the canal, thanks to the provisions of the treaty. The clause on employment preference permitted the hiring of five Panamanians out of every six persons employed since the treaty went into effect, the elimination of the concept and classification of security positions, the presence of Panamanians in the evaluation committees for promotion and a larger participation of Panamanians in training programs. This has actually resulted in an increase in the number of Panamanians holding high-ranking positions in the handling, operation and maintenance of the canal. We now find Panamanians as division chiefs. Examples are Newman Vasquez in the engineering division, Guillermo Van Hoorde in the canal improvements office, Ricardo Varela in the program for development and utilization of human resources and Anel Beliz in the public affairs office. Panamanians could not aspire to these positions in the past. Their present position is a gain made under the treaty.

The national treasury is currently reaping the benefit of taxes being paid by firms and persons who were engaged in commercial and professional activities in the canal zone and who, consequently, did not pay taxes to Panama.

Everything we have outlined thus far in this very brief exposition can only be a source of satisfaction and pride for Panamanians and of gratitude to the Panamanian who made this treaty possible--Brig Gen Omar Torrijos Herrera, whose stature grows with the passage of time.

However, these achievements must not blind us or make us rest on our laurels, because there are still people in the United States and even in Panama who would like to see the elimination of Panama's gains and a neutralization of Panama's presence in the handling of the canal. They are the actual drafters and master-minds of Law 967-70. Taking advantage of discrepancies between the English and Spanish texts of the treaty, as well as normal loopholes contained in it, they tried to overextend the powers of the executive branch and other U.S. agencies in the handling of the canal, to neutralize Panama's participation in the management and administration of the canal, to lower the salaries and wages of Panamanian workers for the benefit of the World Merchant Marine that uses the canal and, even worse, to reinstate the canal zone government that was eliminated by the treaty.

I am worried by the fact that only a few Panamanians are closely watching the implementation of the treaty and because of the attitude that has been assumed by Panamanian opponents of the treaty and of the national government, by which they avoid taking a public stand on violations of the treaty in order to avoid agreement with the government's positions. I am worried that we Panamanians have not agreed on one interpretation of the treaty, which must be the one most favorable to Panama and that, therefore, it is difficult to seek a uniform position in facing the United States. Further study, interest and information on developments in the canal are required.

That is why I am very grateful for your invitation to be here with you tonight. I congratulate you for your initiative in delving further into this important

topic and in making a joint evaluation of our position, our goals and the obstacles facing us, so that we can, with proper information, chart and agree on a strategy that would allow us to take the necessary action in demanding compliance with the treaty, in taking maximum advantage of our gains and in being duly prepared to assume responsibility for the handling, operation, maintenance, protection and defense of the canal. I will be glad to continue my meetings with you and any other group of Panamanians, regardless of their political affiliation or stand on the present government. The task ahead is too great for us Panamanians to be divided.

CSO: 3010/517

TELECOMMUNICATIONS AGREEMENT FOR CANAL AREA SIGNED

PA191343 Panama City Televisora Nacional in Spanish 2245 GMT 18 Dec 81

[Text] The National Telecommunications Institute [INTEL] and the Panama Canal Commission signed an agreement today on the telecommunications system in the canal area. The Panamanian Institution will be in charge of the telephone services in the canal sector which reverted to Panama.

The agreement was signed by INTEL General Manager Rafael Aleman and Lt Gen Dennis McAuliffe, Canal Commission administrator. The ceremony was attended by Fernando Manfredo, commission deputy administrator, the members of the commission's board of directors and the INTEL Executive Committee members. Government and Justice Minister Jorge Ritter was also present.

According to the agreement, by the middle of 1982 the charge for telephone calls from Panama to the canal area will be eliminated. Also under consideration is the installation of new telephone centrals in Pedro Miguel and Curundu.

After the singing ceremony was over General McAuliffe said that the signed agreement is evidence of the cooperation among Aleman, the INTEL officials, the Panama Canal Commission officials and the members of the U.S. armed forces in Panama to solve this complex problem.

These agreements, McAuliffe concluded, represent the joint effort by Panama and the commission in areas of importance for the canal's operation.

CSO: 3010/517

DEPUTY CANAL ADMINISTRATOR VIEWS TOLL INCREASE

PA170158 Panama City Televisora Nacional in Spanish 1730 GMT 16 Dec 81

[Text] In spite of hemispheric objections there will be no alternative to increasing Panama Canal tolls. Panama Canal Deputy Administrator Fernando Manfredo refers to the matter in an interview granted to our reporter Luz Maria Noli:

[Begin recording] [Question] A resolution signed by the OAS member countries objects to the increase of Panama Canal tolls. Furthermore, Panama has objected independently the toll increase. What effect will these two objections have on the plan to increase the Panama Canal tolls?

[Answer] Canal users are consulted prior to any toll increase. Within the procedures to establish tolls, there is a period of consultations during which users may question toll increases and we must explain the reasons for them. Let me give you the background.

The last time when tolls were increased 29.3 percent in October 1979, was the only time when there were no consultations because we did not have enough time to do it. This increase was protested mainly by the South American countries. They even passed several resolutions at the United Nations asking in particular that the United States and Panama consult them prior to increasing the tolls. We conducted those consultations during our trips to South America and this time we shall also conduct the necessary consultations before increasing the tolls.

The arguments which the users presented in the OAS resolution are based mostly on the adverse economic impact that a toll increase would have on their foreign trade and national economies. However, Panama's case is different. Panama's objection to the toll increase claims that the canal is adding to its operation costs a number of expenses which are not directly linked to the operation, administration and handling of the canal. So there are two kinds of objections: some object because of the adverse economic impact on their economies and Panama objects to the method used to calculate tolls.

[Question] Keeping in mind the real needs of the Panama Canal and the objections of the countries, how will this affect the situation?

[Answer] I do not think that this will change the decision to increase tolls. In the first place we need increased tolls to balance our budget and abide by

the laws. Also, Panama's protests regarding the legitimacy of the charges and expenses charged to the canal operations will not, in my opinion, be settled prior to the date in which tolls must be increased.

[Question] Are the Panamanian objections solidly based?

[Answer] Well, there are two aspects. In the past these expenses were included in the estimates for the tolls. That is to say that the canal zone government expenses were charged to the canal operations and included as canal expenses. Whether, within the new concept of association and the new organization created, these expenses should be charged to operations or not, is something beyond my power to determine. I believe that various arguments can be presented. I think that the arguments presented by the Panamanian members of the board of directors have solid bases, because we could question whether the housing subsidy given to North American employees living in the canal zone should be charged to the canal operations. We could also question whether the interest paid to the U.S. treasury on a so-called nonrecovered investment, corresponding to an expired term, should be charged to the canal operations now or whether the payment of the anticipated retirement law, corresponding to rights acquired before the implementation of the treaty, should be charged to the organization. I think that all these matters could be discussed. [End recording]

CSO: 3010/517

OFFICIAL NOTES CHURCH-STATE IMMIGRATION CONFLICT

PA202329 Panama City LA PRENSA in Spanish 20 Dec 81 p 1

[Text] An official spokesman, who asked to have his name withheld, has informed LA PRENSA of the intensification of an old conflict between the government and the church because the Government Ministry, through its immigration department, has been systematically refusing residence permits to foreign priests and nuns who come to the country to cooperate in Catholic mission activities.

The source indicated that this conduct is inexplicable, because, though Panama is primarily a Catholic country, it has only 57 Panamanian priests; thus, the support of foreign clergy is necessary for the essentially missionary and social work of the church.

Questioned on the subject, Archbishop Marcos Gregorio McGrath said: "All I can say is that the situation has existed for the past 11 years and that the curia and the bishops have protested to government authorities, but to no avail." The head of the Catholic Church added: "The curia is preparing a report on the subject, which will be released when it is completed."

Capt Luis Carlos Samudio, new director of immigration, declined to comment because he is not familiar with the problem, since he has been in office only 8 days. However, he referred us to the office of Jilma Noriega de Jurado, deputy minister of government, since instructions on the matter in question come from that office.

The source added that the problem was discussed on four occasions with President Royo, with the government minister and with immigration authorities, and both sides agreed to modify the immigration law, but there have been no real results.

The source added that foreign clergymen are currently required to present themselves to the immigration office to renew their respective entry permits every 15 days, every month, every 2 months or every year, without having the opportunity to obtain "resident" status, as any other foreigner with another occupation or profession may do.

This requirement by the officials does not take into account either the distance involved or the length of time that the clergyman has been serving the church and the fatherland.

Our source also said that there have been instances of discourteous and contemptuous treatment of clergymen by immigration officers (at the main office and at the airport). In fact, a bishop was temporarily detained at the airport without explanation or subsequent apology.

Our source concludes that the government and Justice Ministry discriminates against foreign priests and other religious personnel seeking to acquire resident status, while some privileged groups, such as bank officers, certain technicians and artists, obtain residency easily.

The source said in conclusion that ever since the revolutionary process began, the authorities have appeared to fear political interference from the church hierarchy and that the measures against the priests have been taken for "state security" reasons. This brings to mind the somewhat belligerent, quarrelsome attitude shown toward this government by priests such as Hector Gallego in Veraguas; Leo Mahon, in San Miguelito and the Reverends Medrano and Berriman.

CSO: 3010/523

CRITICISM OF NEW U.S. WAGE SCALE IN CANAL REPORTED

U.S. 'Pettiness' Scored

PA152212 Panama City CRITICA in Spanish 14 Dec 81 p 54

[Text] One of the stumbling blocks which the United States always presents when trying to solve a difficult problem is an absolute pettiness that leads to ridiculous solutions which only contribute to increasing the resentment generated by its outdated policies.

We are referring to the "solution" to the grave problem of salary discrimination applied unilaterally by the United States in the Panama Canal Commission in the implementing of the Torrijos-Carter treaties. This petty "solution" which the president of the commission's board of directors presented to the recent period of sessions in Washington merely served to confirm that the United States is completely unaware of reality in Latin America.

While in the past, our citizens meekly accepted discrimination in favor of the Anglo-Saxon as something natural, nowadays in view of ideas already overruled by civilization, Panamanians do not accept the least difference. Panamanians are aware that there is no reason for such differences to exist.

U.S. political leaders, however, believe that by bringing a very low salary scale nearer to that enjoyed by commission workers before the treaties and by using fancy words which in plain language mean discrimination, Panamanians would feel satisfied.

The Panamanian members of the Canal Commission board of directors have already denounced this. The only solution to the existing wage discrimination is its complete elimination and the creation of a single salary scale which would be applied equally to all employees of the canal as well as to employees of other U.S. agencies in Panama. That is the only solution in line with human rights and it is the most elementary common sense.

Labor Leader Comments

PA172353 Panama City Televisora Nacional in Spanish 1130 GMT 17 Dec 81

[Interview with Luis Anderson, secretary general of the Confederation of Workers of the Republic of Panama and Local 907, by Televisora Nacional's Luz Maria Noli; no date given--recorded]

[Excerpt] [Question] Why are Panamanians who are working in what used to be the canal zone so strongly opposed to the wage scale announced by Gianelli, head of the board of directors of the Panama Canal Commission, during a recent visit to Panama?

[Answer] To answer your question, we have to go back into history, through not too far back. You must understand that we are not protesting Gianelli's announcement alone; our protest goes back as 1977, when, immediately after the signing of the canal treaty, the issue of a new wage scale came up, not because it was included in the treaties, but because of conversations with U.S. State Department and U.S. Government agencies here in Panama. Talks on a new wage scale progressed to the point that early in 1978, our union raised a protest because the possibility of a new wage scale was taking shape and because it was definitely biased. On that occasion, we said that it represented not only a loss for Panamanian workers working for the Panama Canal Commission and the other U.S. agencies, but a substantial loss to our country's economy as well.

After a very empirical and fundamental study, we said that it would amount to a loss of \$3.3 billion for the duration of the canal treaty. The figures released by the Panama Canal Commission definitely indicated that the new wage scale, which was to be implemented on 1 October 1979, would represent a saving of \$4 billion for U.S. Government agencies in the costs of operating the Panama Canal, for the duration of the treaty. This confirmed and was even higher than the figure we had declared would be our loss. So the protests began, first by the labor unions, which had to convince the Panamanian Government that this represented not only a loss for the individual worker but a substantial loss for the nation's economy, and that it worked against the objective of the treaty, which was not just to give Panama more participation in the administration of the canal, but participation in the benefits from the canal operation as well. The largest benefit obtained from the canal operation has always been, and still is, the wages paid to Panamanian workers. It would be ironic if the United States, by saving this large sum taken from the pockets of Panamanian workers, could finance almost the total cost of the new treaty. If Panama currently receives between \$60 or \$80 million annually as a direct payment, as established in the new treaties, this means that for the duration of the treaty it will receive approximately \$1.6 billion. On the other hand, through the new wage scale we will lose \$4 billion; therefore, we are losing with the new treaty.

[Question] Is there any effective way to oppose this wage scale that would really work?

[Answer] There are two ways, both of which are traditional. First, through the unions' struggles. The same thing happened in 1958, when the Remon-Eisenhower treaties were implemented and the United States had made a unilateral interpretation

of some clauses, particularly those dealing with the workers. The unions' struggles to have the spirit and letter of the treaties complied with began after that. One of our last gains was in 1976, when we obtained the correct interpretation of the clause regarding the amount of leave granted to Panamanian workers in comparison to the leave granted U.S. citizens, which should be the same, but never was. This is a way of correcting these irregularities.

We must point out that nowhere in the treaty is a new wage scale provided for. Article 10 of the treaty says that there will be no difference in wages for any reason whatever; there is one exception, when it says that there will be a wage difference only for those persons hired abroad by the Canal Commission. This is the only exception, and it is not, as it was in the past, applied only to U.S. citizens. Now it can be applied to any person, regardless of his nationality, who must be hired abroad because there is no person locally who can fill a specific administrative or technical position. Thus, this new wage scale is a direct violation of the treaties. Now, as for what Gianelli said, the new wage scale is simply a modification of the wage scale that went into effect on 1 October 1979. It is the result of a protest lodged by the majority of unions--I say majority, because not all in the canal area protested--and also of the protest made by the Panamanian Government, through its representatives on the Panama Canal Commission board of directors, and of the fact that President Rojo, in his speech at the United Nations, placed special emphasis on the issue.

We finally managed to convince the Panamanian Government that this was a serious issue, that the country was going to be affected by the new wage scale. We even had to explain how it would affect Panama's balance of payments, because the Panamanian who works in the canal zone represents an export of a Panamanian resource, in a way. Finally, we convinced the government, unfortunately a little late, of what we had been asserting since 1977.

[Question] Forgive me for interrupting you, Anderson, but from what you have said we gather that the Panamanian Government has not responded in the way that Panamanian workers in the Panama Canal area expected it to?

[Answer] Yes, we all share the feeling that the government could be much firmer in its position, not just against this measure, but against others as well, which we feel also violate the treaty. For example, the workers hired after 1 October 1979 have deducted from their already lesser wages the equivalent of the second portion of the 13th month, which is paid by the employer in Panama. This is the portion required by the Social Security Fund to comply with the retirement plan. This is clear and accepted in every country. In Panama the law establishes that the employer must pay it. But here, it is deducted from the workers' wages.

It seems that, although the government has referred to the issue, it has not been strong enough, for it has not taken any measure at the diplomatic level to protect the Panamanian workers.

We have been insisting that it is time for the government to take a firmer attitude on what has already been accomplished through the exchange of notes between the Panamanian Foreign Ministry and the U.S. Embassy here and the U.S. State Department. But these measures are not enough. I think the government must increase its scale of action to solve this problem.

[Question] When you mentioned the ways to achieve a solution, you said that one way was the labor unions' traditional struggles and the other was the government's position, which should be stronger. At this moment, what are the outlook and hopes of the Panamanian workers in the Panama Canal area?

[Answer] Any group of workers must find within itself the strength to find solutions to its problems. In a very intelligent way, the United States has created a series of subdivisions among the Panamanian labor organizations. This new measure implemented by Gianelli is another subdivision, because it creates another level of workers with different rights, which renders almost impossible a mobilization of all Panamanian manpower for an action at work, to create a crisis that could bring about a solution to all of these problems. At least an open and honest dialogue between the parties could be achieved.

This has been made somewhat difficult, because you have U.S. citizens who have been granted a series of privileges and benefits that Panamanian workers do not have; next, you have Panamanian workers who have submitted to a series of conditions and wages. For example, they are affiliated with the U.S. Civil Service Commission; they also have a highly sophisticated health program, through Mutual of Omaha here in Panama; they have a very high wage scale. There is another group of workers who have different benefits, which were granted in 1976 as a result of a change in the wage scale that also affected the Panamanian workers. Then, you have the workers who were hired after 1 October 1979 and who are paid according to a much smaller wage scale. And there is yet another new group of workers resulting from the recent administration of the Panama Canal Commission board of directors. All of this stands in the way of a united action of all Panamanian workers in the canal zone.

Therefore, we are practically required to support the actions taken by the Panamanian Government, the labor unions, through their boards, and other officials, together with other international labor organizations, in terms of protests of the violation of the treaties and of a series of basic principles, such as equal pay for equal work. Through these actions we hope to promote a change in the attitude of the U.S. Government.

There is another important factor, an economic factor. Because of the way that wages are increased in Panama and the variety of social benefits granted here in Panama, the U.S. Government is going to have problems hiring people with their lessened wages. That is why the U.S. Government must improve its wage scale, to render jobs in the canal zone area attractive. This could be an interesting factor. As Panama's economy and its economic infrastructure develop, competition for hiring manpower will be created and this could bring about a change.

I would like to mention that what Gianelli's new measure does is grant workers an increase on the base pay established on 1 October 1979, but only specialized workers and professionals; the majority of Panamanian workers, almost 85 percent of the workers, are left out, receiving no pay increase. As I said before, they have taken this measure so that they can say that they responded to the wave of protests from the labor unions and the Panamanian Government. But as we say in English, this is piecemealing [last word in English], which means to give little

bits, to give away the bones that have been left over from a dinner. In no way does it solve the problem; rather, it creates more problems, especially problems affecting the workers' morale, who see their wages affected just because they are not professionals or specialized workers. They feel that they are being treated as second or third class workers. This is creating a morale problem among the workers.

[Question] Is there a solution to this?

[Answer] Yes, we believe it can be solved and that there are ways to solve it.

CSO: 3010/523

PRF PRESIDENT OUTLINES PRIORITIES

PY202144 Asuncion ULTIMA HORA in Spanish 2 Dec 81 pp 10-11

[Undated interview with [PRF] Febrerista Revolutionary Party President Alarico Quinonez Cabral; place not given]

[Text] [Question] Is this the first time you are presiding over the Febrerista Revolutionary Party [PRF]?

[Answer] I was PRF president before Caballero Gatti, that is from 1977 to 1979. Caballero Gatti was president for less than 1 year. He was replaced by Euclides Acevedo and I am now assuming the presidency again for the 1981-1983 period.

[Question] At the time your candidacy was announced you were not in the country. Are you at this time prepared to assume the PRF leadership?

[Answer] Before my departure for Japan--I was exclusively on a study mission, it had nothing to do with politics--I had already discussed this with fellow party members and had accepted running for the PRF presidency. I was really not involved in the work itself since I arrived in the first week of November. This was a well structured political campaign and we are proud of the Febreristas. We have shown what we are able to do and we have achieved this despite the present difficulties we are confronting--economic difficulties and a few difficulties we were experiencing in the interior. This situation made us double our efforts and there was a great political mobilization. We can say that our political leaders toured the country from north to south and from east to west, meeting with every single citizen and they responded by casting their ballots. We did, of course, have some difficulties because it is not true that the stage of siege has been lifted in the interior. In a town called Las Piedras, near Ita, for example, the election could not be held because the local police chief prohibited it. In Pedro Juan Caballero some PRF convention members were arrested and they were, therefore, unable to come to Asuncion.

[Question] What can you tell us about the PRF convention and the internal elections?

[Answer] The convention showed the maturity of the party because we disagreed on many issues with Companero Acevedo and his group but at no time was there any friction. We stated our case and arrived at results within a democratic framework. I believe it was a good experience and an example of civic behavior.

[Question] Within the PRF there is talk of a "historical trend" [historicismo] and a "modern trend" [modernismo] and these sectors are identified with the "right" and the "left" particularly based on the latter's relations with the Socialist International. What are your views in this regard?

[Answer] I believe that there is no "left" or "right" and even less that the "right" has been victorious. There is a biological difference but there is no difference in ideologies. We are members of the Socialist International and as such we have attended meetings in response to invitations.

I was in Lisbon in 1978 and in Vancouver attending Socialist International meetings. But I do not think that we can be identified as members of the "extreme left" for being members of the Socialist International.

We are on the left, but the moderate left. The name is self-explanatory: "social democracy." I do not believe, therefore, that there are any great differences between them and us. There is no doubt that the PRF is a vanguard party. It is an anti-imperialist, democratic party that supports some social democratic ideals.

[Question] What are the priorities established by the PRF executive board?

[Answer] We will first try to obtain certain guarantees from the government to be able to visit peasants. This is imperative for us since right now they are separated from the movement. We need certain guarantees to do this since it is not always possible for us to hold meetings in the interior. It is very difficult to carry out political activities and more so if you are in the opposition. We plan to expand our rank and file [base particularly]. In the second place, we will work for the reappearance of the newspaper EL PUEBLO. We need a newspaper that makes constructive criticism, particularly because criticism for the sake of criticism does not contribute anything. Constructive criticism should be done by noting existing errors. People should keep in mind that the government is not exempted from making errors. No one is perfect, only God is perfect. But we are not asking for perfection, we only want to point out certain errors. We believe that criticism is necessary to achieve development, whereas public acclaim is a sign of servility. There must always be somebody who is in disagreement but criticism should be made at the proper time.

[Question] Will the new [PRF] executive board support the national accord?

[Answer] We support the national accord since it was founded by the PRF. The PRF has been involved in this movement from its very beginning and I was the chairman of the first National Accord Board. We believe it is a valid organization for carrying out political activity. It is not a coalition of parties having "guerrilla" objectives. The good thing about it is that despite being a peaceful coalition it does not curtail the independence of its members. We are not subjected to the other members of the accord. We have our own political identity, our independence.

[Question] Will the PRF continue to enforce its abstentionist policy [politica abstencionista]?

[Answer] We do not support any abstentions. We plan to participate in the next elections whenever the proper conditions are given such as: lifting the state of siege; enabling citizens to go where they please and meet with their fellow party members; being able to have our own mouthpiece--this will be achieved by the reappearance of newspaper EL PUEBLO--and other issues all members of the national accord agree on. If we do not participate in elections it is not because we lack a democratic tradition but because there are many obstacles that must be overcome to be able to have free access to our companeros and invite them to participate in elections. Casting a blank vote does not mean you are abstaining from voting.

[Question] What are the issues PRF trends disagree on?

[Answer] The young PRF generation believes perhaps that it is in the vanguard since it is made up of younger and more impetuous men. We are biologically older but this does not mean we are conservatives, we are also in the vanguard. We even have many young people working for us. We cannot deny that we have a "traditionalist" slogan since we firmly support the principles of the February revolution. But since ours is a broad platform any young man having concerns can join our ranks. The party is open to everyone. We are a classless party [policlasistas] and believe in pluralism. We are, therefore, able to take in young people.

I believe that those young people will find moral support in our party. They will find uncontaminated people at a time when easy life is most common. But PRF militants must make sacrifices since we have no benefits to offer. We demand sacrifice from PRF members who accept a leading position.

CSO: 3010/512

BRIEFS

SUPREME COURT CHALLENGES POLICE--The Supreme Court yesterday ordered the police to bring journalist Fernando Cazenave to the court at 1000 today and also to report on the time of and the reasons for his arrest. The note of the Supreme Court to the police chief is the result of a habeas corpus request submitted by the Journalist Union of Paraguay on behalf of Cazenave who has now been held incommunicado for 15 days in the central police headquarters. The note, signed by Juan Felix Morales, president of the Supreme Court, says in its first paragraph: "In the name of the Paraguayan nation: this Supreme Court has learned that Fernando Cazenave is being held in your facilities, detained or arrested, without any reason." "Therefore," says the note, "it is ordered that Fernando Cazenave be brought to this Supreme Court on 16 December at 1000, returning at the same time this note with a report on the time and the reasons for the detention or arrest in order to consider and resolve what to do with that person." [Text] [PY161626 Asuncion HOY in Spanish 16 Dec 81 p 9]

DEFENSE UNDER SECRETARY--Minister of National Defense Maj Gen Marcial Samaniego yesterday administered the oath of office to the new national defense under secretary, Col Raul Eleuterio Calvet Torres, appointed by executive decree. Colonel Calvet replaces Brig Gen Ranulfo Efrain Gonzalez, who has been appointed delegate to the Inter-American Defense Board (IADB) in Washington. [Text] [PY191235 Asuncion ABC COLOR in Spanish 15 Dec 81 p 12]

PRF APPOINTMENTS--Mr Juan Granada is the new secretary general of the Febrerista Revolutionary Party [PRF]. He was appointed yesterday during the first session of the PRF National Executive Committee, presided over by Mr Alarico Quinonez. Mr Reinaldo Ferreira Aquino was appointed finance secretary; Raul Chenu Rivarola, director of the party organization department; Tomas Martinez Varela, chief of the rural action department; Venerio Loncharich, relations secretary; Alfredo Carrillo, director of the press and guidance department, and Oscar Acuna Torres, social welfare secretary. [PY191235 Asuncion ULTIMA HORA in Spanish 12 Dec 81 p 8]

ROK TRADE AGREEMENT--A trade agreement between the Republic of Paraguay and the Republic of Korea was signed at the Foreign Ministry yesterday. Pursuant to this agreement, the two governments will take the necessary measures to promote trade between the two countries, and to that effect, they will grant each other the treatment of most favored nation. [PY191235 Asuncion HOY in Spanish 18 Dec 81 p 11]

PER CAPITA INCOME--Mr Cesar Romeo Acosta, president of the Paraguayan Central Bank, asserted yesterday that the per capita income has reached \$1,300, which is a record figure in Paraguayan history. [PY141552 Asuncion LA TRIBUNA in Spanish 5 Dec 81 p 11]

BALANCE OF PAYMENTS DEFICIT TO REACH \$955 MILLION

Lima EL COMERCIO in Spanish 30 Oct 81 p A-17

[Text] A balance of payments deficit of \$995 [sic] million has been projected by the Center for Action-Oriented Economic Research (CIEPA) for 1981, based on official figures from the Central Reserve Bank.

Basically this increased deficit, which once again appears after 3 years (the last was \$350 million in 1977), is attributed to the greater expenditures under the heading of services and transfers: foreign debt, remittances for utilities, freight, etc amounting to \$1,216,000,000 that had to be paid for during 1981.

Not less significant is the result for the trade balance, which at the end of the year would probably show a deficit of \$250 million.

However, by contrast, in this year of foreign imbalance one positive factor would appear, which is foreign investment that will increase from \$27 million last year to \$157 million in 1981.

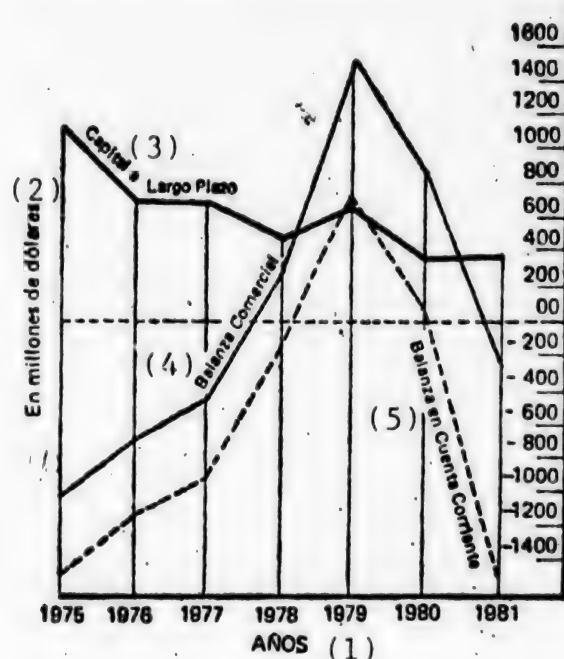
Table 1. Evolution of the Balance of Payments (in million U.S. dollars)

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981*</u>
Exports	1,726	1,944	3,491	3,898	3,582
Imports	-2,164	-1,601	-1,951	-3,062	-3,832
Trade balance	- 438	343	1,540	837	- 250
Services and transfers	- 488	- 532	- 782	- 806	-1,216
Balance in current account	- 926	- 189	758	31	-1,466
Long-term capital	674	422	646	370	383
Foreign investment	54	25	71	27	157
Private loans	15	14	- 32	64	60
Public loans	605	383	607	314	166
Basic net balance	- 252	233	1,404	405	-1,083
Short-term capital and errors or omissions	- 98	- 154	175	286	128
Total balance	- 350	79	1,579	722	- 955

*Forecast at close of year (Central Reserve Bank)

Drawn up by CIEPA, based on data from Central Reserve Bank of Peru

Table 2. Evolution of the Balance of Payments



Key:

- | | |
|----------------------------|--------------------------------|
| (1) Years | (3) Long-term capital |
| (2) In millions of dollars | (4) Trade balance |
| | (5) Balance in current account |

Drawn up by CIEPA, based in data from the Central Reserve Bank of Peru

The balance of payments, according to the Central Reserve Bank, up to June showed a deficit of \$660.3 million, for which reason the CIEPA prediction of \$955 million for all of 1981 would be quite close.

After a negative balance of \$350 million in 1977, there was a positive balance of \$79 million in 1978, which surplus then increased to the very significant figure of \$1,579,000,000 in 1979. In 1980, there was again a positive balance of \$722 million.

Just as we made known at a timely moment, the Central Reserve Bank believes that the deficit that has shown up this year is due in the first place to the decrease in international prices and the difficulty of placing our nontraditional exportable products.

The behavior of the balance of payments has caused a loss of international reserves that up to September was \$315 million, leaving reserves of \$584 million.

9545

CSO: 3010/382

FREE IMPORTS REPORTEDLY CAUSING INDUSTRIAL CRISIS

Lima EL COMERCIO in Spanish 30 Oct 81 p A-14

[Article: "Free Importation Edge of Abyss for National Industry"]

[Text] The free importation of products is causing a serious crisis in national industry, which runs the risk of perishing if immediate measures are not taken for its recovery, stated engineer Gonzalo Garcia Nunez, president of the industrial engineers' chapter of the Peruvian College of Engineers.

Garcia Nunez explained to journalists that the automotive industry is undergoing a severe crisis, since 60 percent of the market has been taken over by imports, and this phenomenon is being repeated in other kinds of industries.

This situation started because of the lowering of tariffs, the increase in interest, as well as the changing of CERTEX [Export Certificates], he added.

Garcia Nunez said that strange events are happening in Peru, such as the importing of candy from Canada, a country that is not a producer of sugar or cacao. This has been causing a serious setback to Peruvian candy factories, which have good technology and a tradition in the manufacture of chocolates and other sweets.

Garcia Nunez pointed out that despite the fact that a growth of 7 percent for industry had been anticipated for this year, growth has increased only 2.9 percent in the early months of the year, which is three times less than in 1973.

Also Garcia Nunez described smuggling and "dumping" as the causes of this industrial disaster. Regarding "dumping," he said that it is the phenomenon through which merchandise is sold at lower prices than costs in order to break the market and take control of it. This has been happening with merchandise coming from Korea, Taiwan, Singapore and other Asian countries, he said.

Garcia Nunez said that the present policy is not adequate for the development of national industry, and that therefore it does not satisfy the needs of the people.

We have, he said, a treasury deficit of 500 billion sols, which is approximately 7 percent of the GNP.

However, the measures recently taken by the Ministry of Industry, Tourism and Integration stood out as favorable, because they serve the demands of the whole industrial sector.

BRIEFS

CERRO VERDE MINING OPERATIONS--Arequipa, 27 Oct--Twelve international financial companies that also have special equipment accepted the invitation of MINEROPERU [Peruvian State Mining Enterprise] to take part in the selection of the company that will be responsible for executing the second stage at Cerro Verde. The invitation was for managing this stage, which also includes financing and providing adequate equipment. Engineer Guillermo Lira Harmsen, MINEROPERU director, said from these 12 companies 5 will be chosen for the selection of the one that is most suitable for Peru and for the execution of the sulphide stage. Up to now they have indicated only that the investment for this stage is about \$300 million. The competition among so many invited companies means, said Lira Harmsen, that Peru is achieving greater prestige day by day in international financial circles, for credit and trade and industry in general. The second stage will mean the development of more than 1.2 billion tons of copper that will assure an annual production of 123,000 metric tons of copper for export. [Text] [Lima EL COMERCIO in Spanish 28 Oct 81 p A-19] 9545

CSO: 3010/382

EXPERTS ANALYZE SENSITIVE AREAS IN FOREIGN RELATIONS

Caracas EL NACIONAL in Spanish 22 Nov 81 p D-1

[Article by Nestor Mora]

[Text] In the last few years, Venezuela's foreign policy has taken on exceptional importance, accompanied by the aggravation of certain aspects directly related to its own sovereignty.

After objective analysis, we have found, in a way, that what until recently were problems in the most proper sense of the word are threatening to become hot conflicts, particularly two of them: our claim to the territory of Esequibo and the delimitation of the marine and submarine regions of the Gulf of Venezuela.

Also, the course being taken by the Nicaraguan revolution; the serious crisis being experienced by El Salvador; and the increasing confrontation with Cuba, which has caused its government to commit the blunder of coming out in favor of Guyana in what for all Venezuelans, without political distinctions, is a just claim are reasons for concern.

These four aspects of foreign policy are analyzed by two former foreign ministers and one expert in international affairs, at the request of EL NACIONAL. They are: former foreign ministers Marcos Falcon Briceno and Efrain Schacht Aristeguieta and Professor Demetrio Boersner. Although it was our intention to obtain the views of former foreign ministers Aristides Calvani, Ignacio Iribarren Borges, Ramon Escovar Salom and Simon Alberto Consalvi, we were unable to do so.

Marcos Falcon Briceno

As foreign minister in the government of President Betancourt, it fell to Dr Marcos Falcon Briceno to take the first actions in connection with the claim on the Esequibo territory and to be involved in difficult days. He was also ambassador to London and Washington. At present, he is president of the Foreign Policy Committee of the Chamber of Deputies.

The former foreign minister began by acknowledging that at present Venezuela "has problems in the international sector which are quite delicate."

In this regard, the primary problem is the relations with our neighbor, Colombia, "which have deteriorated somewhat."

"This situation," he went on to say, "should not have been allowed to reach the point it now has; however, I am convinced that the problems to which I refer will find a solution, something that is desired by Venezuela and Colombia, their two peoples and governments."

"As for Guyana, I have just read in the newspapers the proposal made by the United Nations, as the culmination of a campaign being conducted by the Guyanese Government."

"Guyana knows very well," said Dr Falcon Briceno, "that Venezuela was the victim of an unprecedented outrage when in Paris in 1899 a decision was made which took Guayana Esequiba away from us. In order for the two countries to find a peaceful solution to the problem, which is quite delicate, it is necessary to have the goodwill of the Government of Guayana to reach an understanding with us and to find a formula that will cause the disappearance of this reason for continual friction between the two countries."

The former foreign minister recalled that Guayana "is committed to negotiation with Venezuela, pursuant to the Geneva Agreement."

"With respect to Central America, one of the first victims is going to be, or could be, the Organization of American States which has not been able to do anything to reach a solution of any kind to the difficult situation being experienced by that region."

"I say this," he added, "but it is not the fault of that organization. Rather it is due to problems which previously were handled on an inter-american basis but are now international problems; their purely regional nature has been replaced by an international character. The solutions--and it seems unnecessary to say so--are not easy."

On the subject of President Luis Herrera Campins' trip to Washington--another topic for analysis in this report--Dr Falcon Briceno said that, according to press accounts, this trip was "very successful." In his opinion, "It is enough to say that the trip was opportune, and that is what the Washington news commentators are emphasizing."

Efrain Schacht Aristeguieta

Dr Efrain Schacht Aristeguieta was foreign minister of President Carlos Andres Perez' government and for over 20 years professor of international law at the Central University of Venezuela [UCV]. It was during his administration that relations with Cuba were reestablished.

For him, Venezuela's relations are very good with some countries in the region but, with others, they are delicate and "of dangerous complexity."

For example, with the United States relations apparently are good and, according to statements made by the chief of state himself upon his return from that country, these relations are at the highest level of mutual understanding and cooperation, as is the case with Brazil.

"On the other hand, however," he said, "permanent tension is being maintained with Colombia, Guyana, Cuba, Nicaragua and El Salvador, which is completely negative for our national interests."

"With respect to El Salvador," he added, "it is obvious that the similar political ideology of the present Venezuelan Government and of the president of the Salvadoran Military Junta tends to point up the dangerous and painful situation that country is experiencing under circumstances which are not the most favorable for Venezuela."

What is more, the former foreign minister feels that the aid we are giving El Salvador goes beyond the limits of bilateral cooperation and touches upon the ideological affinities of the presidents of the two countries.

"This," he said, "is a circumstance which, in my opinion, could complicate Venezuela's relations with several other Central American countries that obviously do not look upon such relations with the same eyes as the government of Venezuela."

He also pointed out that our situation with the countries of the Caribbean, particularly the English-speaking countries, is of some concern, as the result of our justifiable claim to Guyana Esequiba.

"Specifically, in this area, we are daily witnessing the intensive activity of the Guyanese Government to win the solidary sympathy of some of those countries, at the expense of the Venezuelan position, the sense of which that government is attempting to distort."

He added, "Definitely, the picture is quite delicate; and we must find prompt solutions, particularly as regards Colombia and Guyana."

"Proof of what I am saying, in my opinion, are the recent incidents which took place on the Colombian border that seem to me a good example of the delicate situation between the two countries."

Demetrio Boersner

A long-time professor at the School of International Studies of the UCV and of postgraduate courses, Demetrio Boersner was for several years an adviser in the Ministry of Foreign Relations.

Dr Boersner began his statements by stressing that the present intensive campaign being conducted by Guyana against us is in part the fault of the Venezuelan Government.

In his opinion, President Herrera Campins should have maintained with Mr Burnham the same personal relations he had with President Perez and should have dealt with the problems confidentially at the summit, before they were thrust upon public opinion.

He said, "He should have made it forcefully clear to the Venezuelans and Guyanese that our country cannot renounce its claim but is ready to seek a practical and very reasonable solution, with mutual concessions, as provided by the Geneva Agreement."

He also came out in favor of reestablishment of dialogue in the near future with Burnham. The problems in our relations with Colombia are described in the following manner by this international expert:

"It is correct that there is one fundamental point of difference with Colombia: the point of difference is our disagreement over the Gulf of Venezuela.

"All of the other problems which have arisen recently could have been avoided or attenuated by means of a firmer presidential position and leadership in the handling of overall relations with the sister republic.

"As in the Guyana case, I feel that in this situation there have been omissions at the level of the country's top leadership. Also in the case of Colombia, I think it a matter of urgency to establish better personal communication between Presidents Herrera Campins and Turbay Ayala."

With regard to our policy toward Central America, Dr Boersner feels, "We must recognize the fact that shades of differences between the Governments of Venezuela and the United States have arisen."

He admitted, "President Herrera seems to have acted in accordance with the feelings of the Venezuelan people when he opposed a policy of military intervention in El Salvador. This merits the supports of all the country's sectors."

"However," he added, "personally I continue to differ with our government as regards its support for the election plan of President Duarte. I still think that under the present circumstances of violence existing in the Central American republic, there cannot be free and democratic elections."

For Demetrio Boersner, in order that authentic elections may be held, it is necessary beforehand to engage in political negotiations between moderate elements of the Government Junta and representatives of the Revolutionary Democratic Front.

"As I have already stated, on the subject of Central America"--Professor Boersner is now talking about President Herrera's visit to the United States--"I have impression that the results of the visit were positive."

The international expert feels that President Herrera's proposals, as a whole, have been liberal and, therefore, in opposition to the hard and intransigent line which the U.S. administration has been following both in East-West and North-South relations.

"Although I am not in agreement with all the details of the president's actions, I consider them, as a whole, as relatively positive for Venezuela and Latin America."

8143
CSO: 3010/502

AD, COPEI LEADERS INTERVIEWED ON SALVADORAN CRISIS

Caracas EL NACIONAL in Spanish 24 Nov 81 p D-6

[Interview with Manuel Penalver, secretary general of Democratic Action [AD], and Eduardo Fernandez, secretary general of the Social Christian Party [COPEI], by Alfredo Pena, VENEVISION commentator; date and place not given]

[Text] Eduardo Fernandez and Manel Penalver participated in a "Conversations" program with Alfredo Pena (VENEVISION) during which they discussed national and foreign policy subjects.

Pena concentrated the discussion on three basic questions: 1) the purchase of F-16s, 2) the crisis in El Salvador and 3) economic policy.

The following is a summary of the newsman's interview with the secretaries general of COPEI and AD.

Pena: Prominent AD leaders have spoken or written against the purchase of the F-16s. Carlos Andres Perez, among others, has publicly condemned arms buildup. We do not know what they are now thinking. The airplanes are virtually purchased. What is AD's position?

Penalver: The CEN [National Executive Committee] of the Party has not yet discussed that problem. We are referring to technical considerations. When we establish our position, we will inform the president of the republic privately.

Pena: You will have to express yourselves publicly. That purchase will have to be made with funds from the ordinary budget or through an additional credit, and congress will discuss the financing. Democratic Action will have to tell the parliament what it really thinks.

Penalver: In the draft Budget Law, there is nothing on this subject...

Pena: Then the government will ask congress for an additional credit.

Penalver: Well...if that happens, we will discuss it.

Pena: In that event, you will be unable to remain silent...

Fernandez: When the additional credit bill is submitted every political group represented in the parliament will have to take a definitive public position. The High

Command of the Armed Forces invited us in and gave us a very informative briefing. I think they will do so with all the parties represented in congress, in consideration of the meaning and importance of each of them... Venezuela is playing a meaningful role in the Caribbean: we are a model of democracy, and we are also oil producers. The development of our economy and culture has to be accompanied by properly equipped, modern armed forces.

Pena: It is my understanding that Democratic Action, among other alternatives, in a tacit but favorable way, is ready to approve the financing of the F-16s...

Penalver: Yes...but unquestionably we have not proposed to deal with this problem in the CEN. In due time, we will take it up and will adopt the course of action most in line with national interests. But I still say that in the budget bill presented to congress there is no reference to the purchase of those airplanes.

COPEI, AD and El Salvador

Pena: Morales Bello, Jose Vargas and other AD leaders have very harshly criticized the Junta of El Salvador which they have called "genocidal" and "terrorist," etc. Cristobal Hernandez has said that the party has no position in this regard...

Penalver: Democratic Action does have a very clear and specific position on El Salvador. What is happening is that in my party as in the COPEI on occasion spontaneous foreign ministers spring up. We have said that the only way to go is a political solution; An agreement principally between the Social Democratic and Christian Democratic Parties. We differ with COPEI as regards the elections. Who is going to preside over those elections announced for March? The present Military Junta is a de facto government which was not produced by any popular consultation and which represents oligarchic interests. And Napoleon Duarte, whose good intentions we do not question, is a politician on shifting sands [montado al aire]: he does not control the situation. We believe that the solution is a national consensus government which will hold those elections and definitively establish a democratic regime, through consultation with the Salvadorans.

Pena: In the opinion of Democratic Action, would the political solution bring the Farabundo Marti Front into the negotiations?

Penalver: I feel they should take part in the negotiations. We think that the guerrillas will not defeat the army and the latter will not defeat the guerrillas. They are at an impasse; and, therefore, a political solution is necessary. There would have to be an end to the civil war; then the insurgents and the Military Junta, which also has weapons in its hands, would sit down together.

Fernandez: The positions of Democratic Action and COPEI are not so far apart as might be deduced from statements made by those whom Manuel has called "spontaneous foreign ministers." The Social Democratic position has been distorted at times to the point of making it seem to be in agreement with the insurrectional guerrillas who are Marxist-Leninist oriented. Anyone who is familiar with AD's stand on that party knows that we could support a position of that kind. There has also been interest in distorting the Christian Democratic position to make it appear indifferent to events contrary to human rights, something which obviously does not correspond with our position. We have always been a party committed to democracy,

freedom and the defense of human rights. On a previous point, with respect to a political solution, I will say that we support it. What we are opposed to is having talks of that kind take place among men with weapons in their hands rather than in an ambience which permits the people to express themselves with votes rather than bullets. Social Democrats, Christian Democrats and Marxists who do not favor installation of a totalitarian-Marxist-Leninist government can help greatly in reaching that objective of a political and democratic solution.

Pena: Jose Vargas told me during a panel discussion which I held for EL NACIONAL that in El Salvador Social Democrats and Social Christians from a different faction than Duarte have weapons in their hands. That is, guerrillas who are not exclusively Marxist-Leninist... And Manuel Penalver proposes a halt to the civil war with the disarming of everyone. Both sides will find difficulty in accepting that.

Penalver: That is where the going gets sticky. The government has organizations which assassinate trade union leaders. A few months ago, they assassinated two American trade union leaders but the guilty parties still have not been found; in spite of the fact that their identities are known in El Salvador...because they are being protected by the military government.

Pena: Do you feel that the Junta of which Duarte is the president will not guarantee a free and democratic election process?

Penalver: It may guarantee fraud, and then the problem will continue as before. That Junta will not guarantee free elections...

Fernandez: Duarte is a great democratic fighter, a man with a very clean and clear background. He is engaged in a very risky business for which courage is required. He is accompanied by young officers who, following the fall of the Romero dictatorship, wished to put the country on the road to democracy. However, in the Salvadoran Army there are many reactionaries who are opposed to such a democratizing effort. The provisional government has implemented a series of noteworthy reforms in the economic and social sectors. Duarte, exposing his own life and the lives of his family, against which attempts have been made, wants elections and democracy for his country. It is worth helping these efforts.

Pena: We are in agreement in combating all kinds of totalitarianism. However, the insurgency is not solely the result of external incitement.

Fernandez: I fully agree. The United States would have to examine its conscience with respect to imperialism's sins in Central America. This is one of the regions most harshly castigated by imperialism.

Pena: What is preventing the AD from accepting the consensus sought by COPEI?

Penalver: I feel that Duarte has fallen into a trap; however, he thinks he is going to resolve the problem. He started a process which has become radicalized. His party is divided, and a group of its founders is in the insurgency. We do not doubt that Duarte is a democrat who wishes to establish a democratic government; however, in politics wishes are one thing but something else is determined by the realities. The reality is that he does not control the situation; the situation is controlled by the reactionary military men who have exploited the people for 50 years in conjunction with 20 oligarchic, coffee-growing families.

Fernandez: I should like for a person as influential as the secretary general of Democratic Action to make known his concrete ideas about that national consensus government for El Salvador. If there is any way to integrate that government, I am sure that even Napoleon Duarte himself would accept it. But the fact of the matter is that the Farabundo Marti Front is proposing dissolution of the army. In the Salvadoran Army there are progressive sectors which are trying to establish democracy and there are also reactionaries. However, if the army were to be dissolved, Mr Ungo, a Social Democrat, would play no role. Then we will cry over spilled milk... After we have removed Duarte, those who have the power of bazookas and machine-guns will govern; and the guerrilla group will never dismantle its military apparatus. That is what we want to avoid. And with respect to some individuals having left the Christian Democratic Party, that has happened, and in certain cases they are ambassadors in Washington from the FDR [Revolutionary Democratic Front]. To say that they are "Social Christians" is the same as if in the 1970s we had described as AD members those who went over to the MIR [Movement of the Revolutionary Left] for guerrilla activity. We never did that and always said that you folks were the authentic representatives of the AD.

The Economic Question

Pena: Caldera told me during a panel discussion which I held for EL NACIONAL that he had not been consulted about price decontrol and the freezing of the economy. Did they consult you and the party?

Fernandez: When Luis Herrera came into the government, the country was moving in a direction that it was impossible to continue. Any other government would have had to do the same thing: bring order to the economy. The previous government promoted waste; a disproportionate increase in public spending, particularly current spending; the growth of the state apparatus and bureaucracy; and initiated an inflationary process which it succeeded in covering up and hiding with a policy of very large subsidies. I feel that the right decision was made by the majority of Venezuelans in December 1978. The present government has made an effort to correct those trends. And for 1983 we will propose a national program which will be supported by the basic parties, independently of who wins the elections. We invite the public to express their opinions about the most acceptable and certain election platform for the national interest, the government program and the presidential candidate. I feel that we will have competency with the AD and with the left if it finally manages to prepare a single platform. The people will choose wisely among the three alternatives.

Penalver: Rafael Caldera has criticized price decontrol, and I do not have to try very hard to be critical at this moment. And whether or not COPEI was consulted in any event it is responsible for omission or for having covered up that policy. I am in agreement that the Venezuelan economy was moving too fast and that a regulator had to be put on it; however, President Herrera's government went too far and "penguinized" the economy, that is, it froze it. And that is what caused all the problems from which the country is suffering today, including workers and businessmen. And that crisis is present wherever the conservatives and/or Christian Democrats are governing: Chile, Costa Rica, England, etc.

Pena: The CTV [Confederation of Venezuelan Workers] proposed a costs, prices and wages commission. The president also asked for one in his message... What happened?

Penalver: (addressing his remarks to Eduardo Fernandez) When the president has a transient visa for the country, you folks ask him that question.

Fernandez: Why not? I promise you I will, Manuel. What is important is to offer alternatives, and that is what will be discussed during the election campaign when every party will inform the country of its alternatives. I feel that it is very easy to criticize a government. The problem is in offering constructive alternatives which really solve the country's problems.

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